



Melbourne, let's talk about the future
A New Metropolitan Planning Strategy

Committee for Melbourne submission

April 2013

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Contents

Foreword	4
1. Introduction	5
1.1. Structure of this submission	5
1.2. About the Committee for Melbourne	5
1.3. Importance of the MPS to Melbourne and Victoria	5
2. Priorities for Melbourne and the MPS	8
2.1. Melbourne must set a long-term Vision.....	8
2.2. Melbourne must enhance its net tradable position	11
2.3. Long-term infrastructure plans.....	22
2.4. Melbourne must gear itself for growth and improve liveability for all.....	26
2.5. Melbourne must manage the city as a single entity	39
3. Appendices.....	42

Foreword

The Committee for Melbourne views the development of a new metropolitan strategy for Melbourne as a critical tool in addressing our city's acute challenges and in realising the potential of our unique strengths. We strongly believe Melbourne can get better as it gets bigger, and the implementation of a strategic and visionary metropolitan strategy will go a long way to ensure this.

We fully support the initiative of the current State Government in creating this process and welcome the work that has been done by the Ministerial Advisory Committee (MAC) in their Discussion Paper *'Melbourne, let's talk about the future'*, and subsequent consultations to date.

As an organisation, the Committee for Melbourne has long been involved in conversations and initiatives relating to the strategic progress of the city, and many of the key issues currently under discussion were raised in the *'Melbourne Beyond 5 Million'* series of reports published in 2010. We are subsequently aware of the many issues a metropolitan strategy must explore in great depth, and our engagement with members has highlighted this.

To coincide with the beginning of the Metropolitan Planning Strategy consultation process and the release of the Discussion Paper, the Committee for Melbourne formed a member-led Taskforce which has assisted with developing a formal response and being actively engaged with the MAC and other key stakeholders.

In December 2012, we presented to the MAC an early submission to highlight some higher order issues of significance we felt were priority. This submission builds on the important points we raised in our pre-submission and captures the opinions expressed by a cross-section of our membership, including representation from the Banking and Finance, Legal, Education, Engineering and Infrastructure, and Property and Planning sectors.

On behalf of the Committee for Melbourne, I would particularly like to thank GHD, Urbis and VicTrack for their involvement in the Steering Committee.

The Committee for Melbourne also thanks the MAC for their ongoing interest in the thoughts and views of our members and is happy to discuss any of the issues raised in this submission at any time.

Best regards



Kate Roffey
CEO

1. Introduction

1.1. Structure of this submission

Melbourne is a significant city in world terms with a population of over 4 million and an expectation to grow well beyond 5 million over the next 30 years. It is also one of the most successful cities in the world today, yet as Melbourne continues to grow, the challenges we face become ever more complex.

The Committee for Melbourne's (the Committee) submission generally endorses the directions and ideas of the Discussion Paper *'Melbourne, let's talk about the future'* and notes that achieving many of these aspirations will require significantly greater efforts and changes than required in the past. This submission identifies a number of key priorities for our city, which we consider are essential for a successful Metropolitan Planning Strategy (MPS):

1. Melbourne must have a robust, unique long term Vision
2. Melbourne must enhance its net tradable position over the life of the MPS
3. Melbourne must have a long-term and strategic infrastructure plan
4. Melbourne must gear itself for growth and improve liveability for all
5. Melbourne must manage the city as a single entity

These key priorities are further discussed in the following sections of this submission.

1.2. About the Committee for Melbourne

The Committee is an apolitical not-for-profit, member network that unites a cross-section of Melbourne's leaders and organisations to work together to enhance Melbourne's economic, social and environmental future.

Our aim is to ensure Melbourne's challenges and opportunities are tackled and grasped in ways that keep our city vital, inclusive, progressive and sustainable for the long-term.

Our members represent over 150 organisations drawn from the city's major companies, academic institutions and civic organisations across a broad range of industries. We represent no single interest and seek to challenge conventional thinking and develop innovative policy that continues to enhance the world's most liveable city.

1.3. Importance of the MPS to Melbourne and Victoria

Melbourne is Victoria's *"biggest most complex and most important economic and social asset. It is the major location of production and is an important source of productivity improvement arising from the co-location and specialisation of business activities and job opportunities (often referred to as agglomeration economies). Its liveability is also critical for attracting businesses and labour to the State. How Melbourne operates has considerable impact on the capacity of its inhabitants to participate in the workforce."*¹

¹ VCEC, Securing Victoria's Future Prosperity: A Reform Agenda, 2011

The Committee supports the Discussion Paper’s recognition that the successful implementation of the MPS is vital to *“keeping Melbourne liveable and globally competitive”*² and is encouraged by the Minister’s statement that *“we can no longer afford to adopt a business as usual approach”*³. Victoria’s success is dependent on Melbourne.

The Importance of Our City

Melbourne is the driver of the Victorian economy, generating nearly an 80% share of Gross State Product (GSP). The Committee acknowledges the importance of rural Victoria and understands the role of our regional centres must be protected and enhanced. Having said that, Melbourne’s prosperity has a profound impact on the prosperity of Victoria as a whole, and it is abundantly clear that the state’s prosperity depends on the city’s prosperity. Indeed, comprising approximately 17% of Australia’s Gross Domestic Product (GDP) over the 22 years to 2012, Melbourne’s economy has a profound influence on the National economy (see Figure 1).

Figure 1 | Contribution to GDP Growth – Volume Measure

Region	1990s	2000s	2011-12	Whole Period (1989-90 to 2011-12)
Sydney	26.3%	14.7%	15.0%	19.4%
Regional NSW	7.1%	6.4%	7.5%	7.1%
Melbourne	15.3%	18.6%	14.2%	17.3%
Regional Victoria	5.7%	2.5%	1.2%	3.5%
Brisbane	9.1%	11.4%	12.7%	10.2%
Regional Queensland	11.9%	14.6%	10.0%	12.8%
Adelaide	3.4%	3.8%	3.4%	3.5%
Regional South Australia	1.1%	1.9%	0.6%	1.6%
Perth	7.0%	11.2%	11.3%	9.8%
Regional Western Australia	9.1%	10.0%	20.0%	10.2%
Tasmania	1.2%	1.4%	0.3%	1.2%
Northern Territory	1.0%	1.5%	1.6%	1.2%
Australian Capital Territory	1.8%	2.2%	2.2%	2.1%
Australia	100.0%	100.0%	100.0%	100.0%

Source: Australian National Accounts: State Accounts, Cat. No. 5220.0 and SGS Economics & Planning

Melbourne is home for the vast majority of Victorian’s with a population of approximately 4.1 million people. Almost three-quarters of the state’s population live, work and recreate within the metropolitan area. Melbourne has experienced unprecedented population growth over the last 40

² MAC, Melbourne let’s talk about the future, 2012

³ MAC, Melbourne let’s talk about the future, 2012

years, and is expected to continue to grow over the next 40 years with official forecasts predicting an increase to 6.5 million by 2051.⁴

There are clear signs however, that Melbourne is struggling to cope with this rapid growth. Strong pressures from population increases, traffic congestion, freight bottlenecks, declining housing affordability and the sprawling nature of recent urban development, (which for numerous reasons often lacks basic infrastructure support, connectivity and a sense of place), are impacting on productivity and liveability.

Retaining the city’s competitiveness and attractiveness on a national, and indeed global level, will be dependent on Melbourne’s capacity to support a growing and changing workforce and to provide an attractive location for continued business investment.

To maintain a position as a globally competitive and attractive city to live in and do business, we must have a strong and vibrant economy, and a well supported and serviced city and surrounds. To achieve this end we require:

- Strategic and targeted initiatives that build on our competitive economic strengths;
- A well-planned, long-term and prioritised infrastructure build plan;
- An economically sound investment and funding strategy; and
- Sophisticated plans to manage demand for use of infrastructure.

Success in these areas requires major investments in strategic infrastructure, clear strategies to manage demand for the use of this infrastructure, a more coordinated and transparent long-term plan for our future, and a time-lined and funded implementation strategy.

If Melbourne does not continue to improve its current level of liveability and economic prosperity to keep pace with other leading cities, our attractiveness as a place to live and invest will start to diminish as people and investment dollars migrate to other more attractive destinations both within Australia and around the world.

The MPS is more than a single document. It is the touchstone for Melbourne’s future success. To genuinely deliver the long-term outcomes we desire, the Committee considers the MPS must have the following attributes: (see Box 1)

Box 1 | Key attributes for Melbourne’s MPS

1. Establishes a clear long-term Vision for Melbourne supported by detailed objectives
2. Is supported by statutory authority and informs and directs other state and local plans
3. Is informed by a robust and shared evidence base
4. Identifies and protects infrastructure to support long-term objectives
5. Is connected to a defined capital works program
6. Defines accountabilities, timelines and benchmarking of performance
7. Is based on extensive consultation and engagement

⁴ DPCD, Victoria in Future 2012

2. Priorities for Melbourne and the MPS

2.1. Melbourne must set a long-term Vision

A strong and enduring Vision is a prerequisite to being a world leading city. The Committee supports the intention stated within the MPS to set a Vision for Melbourne to the year 2050. Absent from the Discussion Paper however, is a decisive effort to make a clear statement on what the Vision for Melbourne should be. Without the desired end point clearly articulated, it is difficult to determine what the strategic pathway to achieve the desired end should look like, and in turn what are the progressive steps that need to be taken to ensure that plan is systematically implemented.

Vision is a critical component of any metropolitan strategy. With respect to the MPS, the Vision must encapsulate Melbourne’s character and the aspirations for the future, be that to be a ‘liveable’ or ‘sustainable’ city, an efficient city of outstanding global quality, or any other aspiration. Our Vision should define Melbourne’s role in Australia, the Asian region, and the world.

The notion of having a strong Vision is supported by the 2011 COAG Reform Council ‘*Review of Capital City Strategic Planning Systems*’, which stated that although statutory frameworks and provisions can provide some continuity they “*do not replace the foundational importance of a strategic, integrated, long-term vision for the city*’. It is further noted that Vision must be “*supported by a systematic engagement and implementation program...so that these visions may be durable should governments change.*”⁵

Defining Melbourne’s Vision

Defining a Vision for a city is not an easy task, however there are a growing number of cities that have made the bold move to make a definitive statement regarding their future aspirations, and many successful global cities have based their strategic planning around a central high level Vision:

- The London Mayor’s Vision in *The London Plan* is to “***excel among global cities – expanding opportunities for all its people and enterprises, achieving the highest environmental standards and quality of life and leading the world in its approach to tackling the urban challenges of the 21st century, particularly that of climate change***”.
- The Vision for Metro Vancouver’s *Regional Growth Strategy* is to have “***The highest quality of life embracing cultural vitality, economic prosperity, social justice and compassion, all nurtured in and by a beautiful and healthy natural environment. Achieved by an unshakeable commitment to the well-being of current and future generations and the health of our planet, in everything we do***”.
- *The Auckland Plan* Vision is to be “***the most liveable city in the world***”.
- Washington DC’s Vision in its *Sustainable DC Plan* states “***By 2032, the District will be the healthiest, greenest, most livable city in the nation by using sustainability solutions to address core challenges***”.

⁵ COAG Reform Council, Review of Capital City Strategic Planning Systems, 2011

- The recently released Draft Metropolitan Plan for Sydney states its Vision is to be ***“a strong global city, a liveable local city”***.

Melbourne’s Vision must be a strong and succinct statement that evokes a compelling and easily understood connection with the ‘desired end state’ that the Melbourne community will collectively strive for over the next four decades. The Vision should be distilled into a concise, crisp statement or key idea that can be grasped by all. It must be simple and digestible if it is going to be owned and embraced by the broader populace.

In addition to being collectively endorsed by the Melbourne Community, in order for the MPS to provide clear detail for the city’s Vision and to be able to spell out the aspirations for the character and quality of Melbourne in 2050, the Committee believes the Vision should also be highly distinctive to Melbourne. The Vision should be founded on the strengths that make Melbourne what it is today, and our aspiration should be to build on those foundations to achieve an ideal that is unique to Melbourne and sets our city apart from its national and international competitors.

The MPS creates an ideal opportunity for the Melbourne ‘brand’ to be enunciated because it deals with many of the levers that influence the growth, development, shape and appearance of the metropolis, and the experiences that will be available to future Melburnians.

Setting detailed objectives

As the guiding principle of our strategic plan for the future, we must have a clearly defined higher order Vision to work toward. In turn, in order for Melbourne’s Metropolitan Vision to have impact, it must be linked to a series of detailed strategic objectives. These objectives should drive the broad development pathways, and inform the agenda of action defining key commitments to be pursued over the next 40 years.

The London Plan provides a good example of a combination of high level Vision and detailed objectives. The London Plan is supported by six detailed objectives (see Box 2), which embody the concept of sustainable development. These objectives provide more detail about how the Vision should be implemented, and link it to the more specific policies within the metropolitan plan.

Box 2 | London Mayor’s six detailed objectives for the London Plan:

1. **A city that meets the challenges of economic and population growth** in ways that ensure a sustainable, good and improving quality of life and sufficient high quality homes and neighbourhoods for all Londoners, and help tackle the huge issue of deprivation and inequality among Londoners, including inequality in health outcomes.
2. **An internationally competitive and successful city** with a strong and diverse economy and an entrepreneurial spirit that benefit all Londoners and all parts of London; a city which is at the leading edge of innovation and research and which is comfortable with – and makes the most of, its rich heritage and cultural resources.
3. **A city of diverse, strong, secure and accessible neighbourhoods** to which Londoners feel

attached, which provide all of its residents, workers, visitors and students – whatever their origin, background, age or status – with opportunities to realise and express their potential and a high quality environment for individuals to enjoy, live together and thrive.

4. **A city that delights the senses** and takes care over its buildings and streets, having the best of modern architecture while also making the most of London’s built heritage, and which makes the most of and extends its wealth of open and green spaces, natural environments and waterways, realising their potential for improving Londoners’ health, welfare and development.
5. **A city that becomes a world leader in improving the environment** locally and globally, taking the lead in tackling climate change, reducing pollution, developing a low carbon economy, consuming fewer resources and using them more effectively.
6. **A city where it is easy, safe and convenient for everyone to access jobs, opportunities** and facilities with an efficient and effective transport system which actively encourages more walking and cycling, makes better use of the Thames and supports delivery of all the objectives of this Plan.

Source: The Greater London Authority

The Committee is pleased the Discussion Paper articulates a set of nine principles to guide the implementation of the MPS and **endorses these as Melbourne’s primary strategic objectives.**

Measuring our performance & benchmarking against others

Having established an end point to work toward by way of a Vision, the key is then to establish benchmarking and progress measures to gauge success on our journey, and the success of our journey in comparison to other cities competing in our space.

There is a growing collection of city indices, benchmarks, and other comparators emerging in response to a growing world-wide interest in measuring city success across the globe.

Melbourne is consistently ranked as one of the ‘top’ cities in the world on a wide range of indices including the Economist Intelligence Unit Global Liveability Report (1st); the Ultimate Sports City rankings (2nd) and the Anholt-GfK Roper City Brands Index (8th). (See Appendix 1 for an overview of the Anholt-GfK Roper City Brands Index)

What is particularly interesting about the City Brand Index is the fact that while Melbourne does not have the ‘star’ attraction of the established global cities, the general perception of the city as a welcoming, safe and well resourced place to live makes it one of the world’s most highly regarded cities.

Melbourne’s brand is vitally important to retaining and attracting talent and investment and must continue to be recognised as one of the worlds leading cities. In order to achieve this, the MPS must benchmark Melbourne’s performance internally through a defined set of indicators designed to record progress against the Vision and objectives. It should also set measures that benchmark external performance by monitoring rankings and perceptions in leading indices.

2.2. Melbourne must enhance its net tradable position

Growing Melbourne's domestic and international markets - Melbourne in the Asian century

The MPS must map a strong pathway for Melbourne's economic future. Recent figures released by the Australian Bureau of Statistics indicate Victoria's, and subsequently Melbourne's, economy is facing headwinds, and *"although the fundamentals remain sound, leading indicators suggest a delay in a return to trend growth"*⁶. This is largely due to the effects of the 'resources boom' which continues to exert its power on the value of the Australian dollar, pushing it to levels that have seriously eroded the competitiveness of some of the Victorian economy's traditional mainstays, (notably manufacturing); as well as some of the sectors that have more recently emerged and started to take shape as economic driving forces of the future, such as additive manufacturing and higher education.

Economic objectives must be prioritised and the MPS must look beyond what is happening today and embrace strategies that will enable key sectors of economic strength in Melbourne to flourish. By identifying, protecting and nourishing the industries and sectors that will be the key economic drivers for growth in the future, we will make the right investments in our people and our places. Productivity, competitiveness and wealth creation should focus on creating environments which enable value added economic activity to increase.

The MPS must ensure Melbourne remains competitive and attractive. To do this the MPS must position Melbourne to deal with threats, and to reap the benefits from the opportunities arising from the growth in the Asian region.

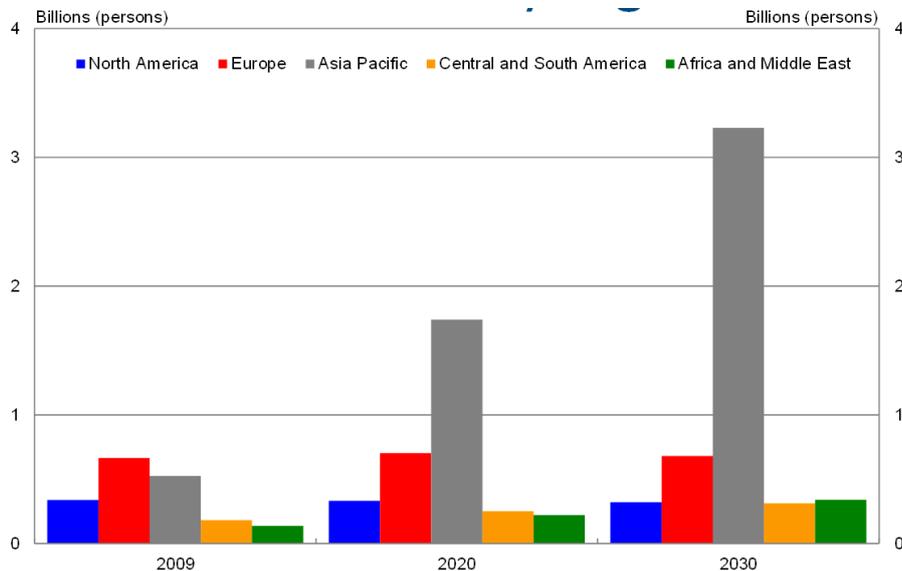
*"Within only a few years, Asia will not only be the world's largest producer of goods and services, it will also be the world's largest consumer of them... demanding a diverse range of goods and services from health and aged care to education to household goods, and tourism, banking and financial services, as well as high-quality food products."*⁷

According to a study quoted by the Australian Treasury in FY11-12 budget papers, the number of middle class consumers in Asia will rise from about 500 million in 2009 to 1.7 billion by 2020, and to over 3 billion by 2030 [see Figure 2]. These figures include not only China and India, but also take into account rapid growth in the number of middle class consumers in other emerging countries with large populations and increasingly favourable economic growth prospects, such as Indonesia and the Philippines.

⁶ DPC, Securing Victoria's Economy, 2012

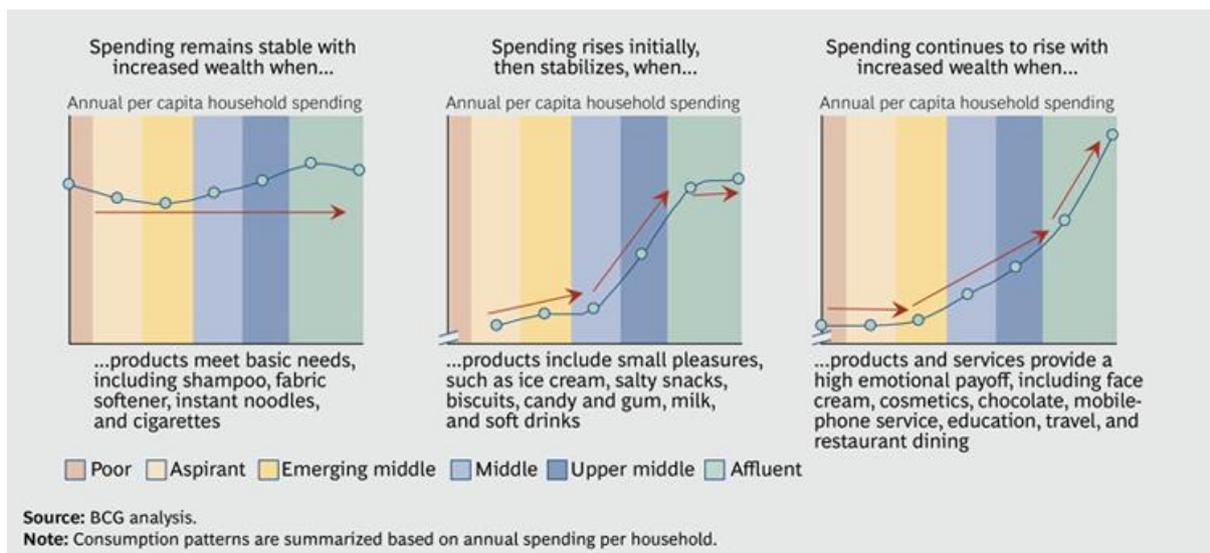
⁷ DPMC, Australia in the Asian Century, 2012

Figure 2 | Projections of the global middle class by region⁸



The change in the income profile of Asia will bring about shifts in consumer demand. Figure 3 shows the connection between wealth and spending. A closer look at consumption reveals that the link between spending and rising wealth depends on the type of product or service that consumers are purchasing. This analysis indicates that as consumers become more affluent, the demand for ‘high emotional payoff’ products and services increase; in particular, education and travel. This is a very positive sign as these are areas which are traditionally competitive strengths for Melbourne, and Victoria.

Figure 3 | The Relationship Between Spending and Wealth Depends on the Type of Product or Service⁹



⁸Note: The global middle class is defined as those households with daily expenditures between USD10 and USD100 per person in purchasing power parity terms. The lower bound is chosen with reference to the average poverty line in Portugal and Italy.

Source: OECD Development Centre, Working Paper No. 285 'The emerging middle class in developing countries', 2010

⁹BCG, Indonesia's Rising Middle-Class and Affluent Consumers, 2013

Melbourne is well positioned to take advantage of the opportunities presented by the rapid economic development occurring within these markets. Australia has a large migrant population and that has provided us with a lasting legacy of strong and successful multicultural communities that provide a rich source of personal connection with Asian societies and businesses. Melbourne's world-class universities, technical colleges and schools are widely respected in Asia and elsewhere across the globe. High quality Victorian food exports are in growing demand. Tourist attractions and events in Melbourne are attracting an ever increasing number of Asian visitors, in fact in December 2011, China overtook New Zealand as Victoria's largest source of international overnight visitor arrivals¹⁰. **The MPS must embrace and prioritise strategies and initiatives that support the growth of Melbourne's economic strengths, in particular links with the very lucrative emerging Asian economies.**

Driving an economic narrative based on competitive strengths

As identified in the Discussion Paper, the rising affluence of the Asian region and increasing globalisation of markets presents enormous "*challenges as well as opportunities for Victoria's competitive strengths in freight and logistics, education, science and research, health and aged services, tourism, manufacturing, high-end business services, creative industries and agriculture*"¹¹. The Committee agrees new policies will need to drive productivity and competitiveness in these areas and commends the Victorian Government for its strong economic narrative underlying "*productivity, investment and jobs*" in its December 2012 policy document '*Securing Victoria's Economy*'.

In the Committee's view, **the MPS must support and integrate where appropriate, the positioning of the Victorian Government's economic action plan** (see Box 3).

To do this **the MPS must enhance the overall productivity of the metropolis by improving the overall connectivity across all levels of the city**, from the major transport corridors to the arrangement of our new suburbs and with a particular emphasis on key economic areas or precincts.

Box 3 | The Government's economic action plan is positioning Victoria as:

- The state with the strongest finances, best able to contribute funding to major, **productivity enhancing infrastructure** as well as ongoing investments in **new roads, public transport** and other **assets required to keep pace with population growth and maintain liveability**;
- The state with the most cost competitive government sector, which **responds to business and new investment**, and delivers high quality and efficient services to Victorians;
- **The state best positioned to accommodate and sustain growth and expansion**;
- The Australian **capital of the knowledge economy, with the most skilled workforce**;
- **The state with the strongest health, science and medical research and technology sectors**;
- **Australia's most globally focused economy**, and most Asia-capable workforce;
- A state with world class strengths in **business services, food and fibre, freight and logistics, manufacturing, tourism, major events and cultural services**; and
- **Australia's arts and cultural capital.**

Source: DPC, *Securing Victoria's Economy*, 2012

¹⁰ Tourism Victoria, *Victoria's China Tourism Strategy*, 2012

¹¹ MAC, *Melbourne let's talk about the future*, 2012

The following statements draw linkages to the economic strengths we feel the MPS should support through its implementation and we provide some ideas and concepts that should be adopted.

A leading business and knowledge services hub: *“...the Victorian economy has particular sectors that are well placed to capitalise on future growth. Business and knowledge services (including financial and insurance, professional, scientific and technical services) have become increasingly important drivers of Victoria’s economic performance...”*¹² If Melbourne’s service-based economy is to continue adding significantly to our net tradeable position then Melbourne must be highly connected, both locally and to the network of global cities. (See Appendix 2 for the Committee’s Professional Services workshop summary).

Australia’s pre-eminent knowledge city: *“Victoria is home to Australia’s top ranked university and is the only Australian state with two universities in the international top 100”*¹³ and six within the top 500. Melbourne also ranked fourth in the world behind only Paris, London and Boston in the first global ranking of best student cities¹⁴ and would have ranked first had it not been downgraded for affordability issues associated with the high Australian dollar. (See Appendix 3 for the Higher Education as an Economic Driver Case Study)

Australia’s leading innovation city: Melbourne is recognised as one of the most innovative cities in the world. Recently Melbourne was ranked 18th (out of 445 cities) in the Innovation Cities Index 2012-2013¹⁵. It is Australia’s most innovative city and is ranked second in Asia. Many attributes contribute to a city’s capacity to foster innovation from world leading research institutions to the overall education levels of the population. There are a number of key elements that can be directly supported and influenced by the MPS including:

- The quality of its neighbourhoods;
- Fostering public interaction and connection;
- The creation of spatial conditions to enable and support the creation and operation of industry clusters; and,
- Global and local connectivity and mobility.

The MPS must directly acknowledge and support the operations and expansion of our education institutions to cater to the expected growth of the tertiary education and research sector. This could be achieved through:

- Specific identification of these institutions as major activity/employment areas for the metropolis and the expectation that the areas will significantly intensify activities over the next 20-30 years;
- A metropolitan directive that each institution precinct be supported by a spatial and investment strategy designed to provide high quality connectivity to and between the institution and the surrounding precincts;
- Creation of specific planning and management entities for each precinct involving state and local government and the major institutions.

¹² DPC, Securing Victoria’s Economy, 2012

¹³ DPC, Securing Victoria’s Economy, 2012

¹⁴ QS Best Student City Rankings, 2012

¹⁵ 2ThinkNow, Innovation Cities Global Index 2012-2013

There are a number of candidate precincts where this approach could be introduced including:

- The broader Parkville precinct (including CSL and the Royal Children’s hospital, as well as the cluster of institutional activities around Royal Parade);
- The Monash/Clayton precinct;
- The broader Deakin University Precinct centred on the Burwood Highway;
- The Swinburne University/Glenferrie/Burwood Road Precinct in Hawthorn;
- The RMIT / Latrobe University precinct in Bundoora (see Case Study 1);
- The broader Victoria University/Footscray/Flemington precinct.

Case Study 1 | National Food Precinct

The keys to developing successful innovation clusters that will be essential contributors to our quest to continue to develop our reputation as a leading innovation centre, are to focus our efforts on incubating and strengthening centres that already have a strong foundation on which to build, and that have a long-term, focused and targeted vision for growth.

The idea of developing a food product manufacturing hub in Melbourne’s North is an example of an industry cluster that has significant potential to develop by virtue of a number of basic cornerstones that are already in-situ:

- *The Hume-Whittlesea region has a strong and vibrant food sector that is home to over 150 food manufacturers, and employs over 6,000 people.*
- *Established food manufacturers in the region who have a strong track record of sustainable collaboration (as demonstrated by the Plenty Food Group for example)*
- *Two universities with major campuses located in the area; RMIT, which focuses on post farm-gate, and La Trobe, working on the pre farm-gate food value chain.*
- *Food related commerce in the Northern suburbs is a major employer and is critical to the local and regional economy.*

These basic cornerstones that are already in place provide an ideal foundation upon which the North can develop as a major innovation cluster given the right support and strategic vision.

Via NORTH Link, a regional economic development advocacy group that brings together in partnership industry, educational institutions (RMIT, La Trobe University, Kangan Tafe, NMIT) and Local Government Authorities (Banyule, Darebin, Hume, Moreland, Nillumbik, Whittlesea and Yarra), a sound strategic vision around the concept of the North Melbourne National Food Precinct has been developed.

Collectively recognising that the sum is greater than the individual parts, this group have worked together to create a strong vision to develop the food industry which includes innovation, research and economic growth strategies. With this kind of visionary approach to development, steps are already being taken (as outlined in the following), to maximise the opportunity for the ongoing growth and development of this area.

- *the Melbourne Wholesale food market is being relocated from the CBD to Epping (which straddles the Hume and Whittlesea shires). This will locate a major food distribution hub in the region and give significant strength to this locale in their quest to become the National Food Precinct.*

- *To bolster the region, RMIT is also planning to develop a Food Innovation and Education Centre on the Bundoora campus to supplement their existing strengths in Food Sciences. Part of these plans include relocation of the city based Food Science Division to Bundoora to optimise the relationship between Education and Industry training needs.*
- *AgriBio, also located within the precinct, is a \$288 million joint venture between La Trobe University and the Victorian Government. The AgriBio partnership brings together La Trobe's world-class research and the work of the Department of Primary Industries with the aim of creating better science outcomes for the benefit of Victoria and Australia.*

Design and construction of AgriBio commenced in May 2009 and will be fully operational in 2013. With this major link in place, the North will bring together research, production and distribution of food products in one innovation cluster.

In addition to providing much needed jobs and industry to the rapidly growing North, the National Food Precinct will:

- *Build capabilities through University and Vocational Education and Training systems;*
- *Play a world leading role in innovation, research and development in the pre and post farm-gate food industry;*
- *Build sustainable security in the region by linking value chains in the local food sector to meet demand;*
- *Seize new market opportunities, particularly in Asia and the Middle East as food safety and uncontaminated processed foods become more highly sought after; and,*
- *Contribute to global food security through research and practice.*

Source: NORTHLink

Australia's energy and water efficient city: As Melbourne grows, its demand for water and energy will intensify. This requires the city to move towards new systems and approaches. Melbourne must find ways of improving its productivity while consuming less energy and water if it is to remain competitive. The MPS must include policy direction to address these issues. The Committee has expanded on these issues previously in its report *Melbourne Beyond 5 Million Volume Three: Physical Infrastructure and Connectivity*¹⁶.

Australia's freight and logistics capital: *"An effective transport network is at the heart of any advanced, service driven economy...Victoria is a leader in freight and logistics, with Australia's largest port and two curfew-free airports. Freight and logistics is the key driver of planning and future development."*¹⁷

The Committee is pleased Melbourne's strengths as a key freight and logistics centre for both the state and the nation have been acknowledged in the Discussion Paper and *Securing Victoria's Economy*. However, while the Discussion Paper notes that a *"clear long-term plan... for Melbourne's*

¹⁶ Committee for Melbourne, *Melbourne Beyond 5 Million Volume Three: Physical Infrastructure and Connectivity*, 2010

¹⁷ DPC, *Securing Victoria's Economy*, 2012

*freight sector... is being developed*¹⁸ the Committee notes that this is being prepared by the Department of Transport, while the Department of Planning and Community Development is preparing the MPS. The Committee is aware of the recent merging of these two departments and hopes this leads to even greater integration between transport and land-use planning.

While the Committee is encouraged the MPS will have a dedicated freight and logistics plan, it is essential that the Victorian Freight and Logistics Plan and the MPS don't just simply work together but are combined within the same strategy for the future.

Planning for freight is essential to supporting Melbourne's growth, improving the economy and enhancing liveability. Unfortunately, it is also often forgotten as a component of plan making. The Discussion Paper rightly identifies the need to plan for continued efficiency and capacity increases at key industrial and freight areas and assets, in particular Melbourne's airports and ports.

Melbourne airport plays an integral role in Melbourne maintaining its position as a key freight and logistics hub, and in turn to protecting all the added economic benefits that a strong and vibrant freight and logistics industry engenders. In particular it plays a vital role in providing connectivity to international markets (see Case Study 2).

Case Study 2 | Melbourne Airport

*While the Victorian airfreight sector comprises a relatively small proportion of the overall Victorian freight sector in terms of tonnage, it represents up to a quarter of all freight by value, and in January 2013, Melbourne Airport handled a record 43 per cent of all Australian air freight exports in January, or more than 12,700 tonnes in volume.*¹⁹

While the capacity of aircraft to carry freight in terms of volume on a per trip basis is considerably less than an ocean going container ship, the value of air freight in terms of time in transit is significant. This is highlighted by the fact that perishable items that cannot be carried via shipping modes accounts for around one-quarter of all our valuable dollar-generating exports. Currently, around 85 per cent of air freight is carried in the belly of passenger aircraft, however as the export demand for our perishable products continues to grow, the number of dedicated freighter aircraft operating, particularly to export meat to the Middle East is increasing.

Source: Melbourne Airport

Although the importance of Melbourne airport may tend to sneak under the radar in terms of size and scale in comparison to our Port, the economic value generated through airfreight movement is significant. To secure the future of our air-freight service the MPS must protect the curfew free status of the airport, and ensure that relevant land reservations adjacent to the airport are identified and protected to guarantee the ongoing growth and development of our airport.

Australia's largest exporter of food & fibre: *"Despite having only three percent of Australia's arable land base, Victoria accounts for 29 per cent of Australian food and fibre exports... worth almost \$9*

¹⁸ MAC, Melbourne let's talk about the future, 2012

¹⁹ Melbourne Airport, Media Release - Melbourne Airport leads air freight exports in January 2013, 2013

billion in 2011-12.”²⁰

The Victorian Government has set an ambitious target of doubling agricultural food and fibre production in Victoria by 2030. **The MPS must support the connection of Victoria’s producers to important export markets by prioritising efficient operation and expansion of existing economic supporting infrastructure, and the construction of relevant new economic enhancing infrastructure.**

World class liveability and tourist destination: *“Tourism is worth \$15.9 billion to the Victorian economy and provides for 204,000 jobs and is the State’s largest exporter.”*²¹

The Committee is pleased Melbourne’s tourism and attractiveness is identified as a competitive strength within the Discussion Paper, and is supportive of *‘Idea 1: Growing the Central City as the anchor of the world’* as a means of strengthening this offering.

In *Securing Victoria’s Economy Securing Victoria’s Economy*, the Victorian Government states that it aims to *“ensure Victoria retains its standing nationally and globally as the most liveable city and a cultural and tourist destination.”*

The Discussion Paper also acknowledges that major events are a key contributor to the Victorian economy when referencing Melbourne’s distinctiveness. At a 2012 Committee for Melbourne member forum, VMEC noted that in 2011, Victoria attracted over 348,000 (324,000 in 2006) international visitors to major events (excluding Business Events), and these visitors stayed a total of 14.3 million (12.4 million in 2006) nights. Of the total number of event visitors to Australia, 44 per cent visit Victoria.

Victoria’s major events calendar is arguably one of the most prestigious and successful in the world, and Melbourne has been regularly ranked as the number one sports city in the world (Ultimate Sports City Awards²²). A report commissioned by the Victorian Major Events Company (VMEC) estimates that Victoria’s major events deliver a combined economic impact to the State of approximately \$1.4 billion annually, and the industry employs over 3,350 Victorians.

There is now strong national and international competition for major events and their associated benefits. In this context, events such as the Australian Open Tennis Championship, Grand Prix, AFL Grand Final and Spring Racing Carnival provide a powerful competitive advantage. These four events, which are considered to be the four major event pillars, are central to Victoria’s position as an internationally recognised events destination.

As key pillars, these events:

- Attract large numbers of visitors to the State and provide significant branding and positioning for Melbourne and Victoria both interstate and internationally. Studies show tourism contributes around \$10.9 billion each year to Victoria’s economy;
- Support infrastructure such as the Melbourne Cricket Ground and Melbourne and Olympic

²⁰ DPC, *Securing Victoria’s Economy*, 2012

²¹ DPC, *Securing Victoria’s Economy*, 2012

²² SportsBusiness Group, *Ultimate Sports City Awards*

Parks, Caulfield and Flemington racecourses, and Melbourne Sports and Aquatic Centre, which are enjoyed by the wider community year round;

- Place Melbourne in a prime position to attract other major drawcard sporting and cultural events such as the Melbourne 2006 Commonwealth Games, Melbourne Winter Masterpieces, Red Bull Air Race and the 2011 Presidents Cup; and,
- Showcase Melbourne to the world via the extensive international broadcast exposure generated by world-leading events like the Australian Open Tennis and the Grand Prix.

Absent from the Discussion Paper however, is any mention of the contribution that Business Events make to Melbourne’s tourism and knowledge economy (see Box 3) or the critical infrastructure that supports it. Historically, Melbourne has been very competitive globally in this sector, largely due to the investment previous governments made in funding the build of appropriate infrastructure. It is noteworthy that other major cities such as Singapore and Sydney are making considerable investments in new facilities to support business events and ‘tourism’.

Box 3 | Business Events are a key contributor to Melbourne’s economy

The Business Events industry is the highest yielding sector of the tourism industry. The key benefits of Business Events (conferences, incentive travel, expos, meetings, conventions, exhibitions) are far reaching.

1. Convention Yield

- International convention delegates spend (on average) five to six times that of the international leisure tourist
- 27% of international delegates also bring a partner

2. Convention Delegate Dispersal

- 44% of all international convention delegates participate in pre or post-touring to other parts of regional Victoria and Australia
- 71% of international convention delegates indicate that they will come back to Australia for a holiday within the next five years after the convention has been held

3. Economic Impact to Victoria

- Business Events are directly responsible for more than 22,000 jobs in Victoria
- Business Events generate \$1.2 billion annually for the Victorian economy
- More than 192,000 room nights were secured by MCVB in the last financial year (2009/10)
- In 2009/10, MCVB’s activities attracted in excess of 71,000 delegates and their partners and families to Victoria, injecting AUD\$269 million into the State economy

4. Enhancing Melbourne's Profile

- The Business Events secured by Melbourne Convention Bureau cement Melbourne’s claim that it truly is the event capital of Australia – home to sporting events, cultural events and, of course, Business Events. The number of medical and scientific meetings held in the city reinforces the fact that Melbourne’s University research institutions are the finest in the country and deliver world’s best practice
- Business Events promote Victorian expertise and innovation to the world and attract world leaders and investment decision makers who would otherwise not come to Melbourne.

- Business Events provide world’s best educational opportunities for young Victorian professionals and build professional business networks between Victoria and international companies and associations.

Source: Melbourne Convention Bureau (MCB)

The Committee believes **the MPS must position Melbourne as ‘The Destination of Choice’** in terms of visitability, as well as residency. To achieve this, **the MPS must focus on the creation of new tourism content and facilities in strategic locations.**

Whilst tourism is recognised as a major contributor to Melbourne’s success, many of the current policy settings and detailed planning controls make it particularly difficult to viably establish new hotels or related tourism activities. Tourism opportunities are often ‘crowded out’ by residential and commercial development, given the strong policy and regulatory support for those activities.

Given this policy bias, **the MPS should identify strategic precincts of tourism significance.** These precincts should be provided with prioritised planning status to support tourism activities and their associated developments, and enable the allocation of investment for supporting public realm infrastructure. The Committee envisages that these precincts could be provided with governance structures or entities that ensure the precinct is planned and managed as a whole, rather than a series of separate projects or initiatives. This approach could be similar to that identified for the major metropolitan employment and innovation areas and the following principles could be applied in identifying the appropriate opportunities for developing precincts of significance:

- **A strategic precinct based approach:** rather than a single site or development. An example of this is the sports precinct operated by the Melbourne and Olympic Parks Trust. The south bank of the Yarra has also emerged as a major tourism precinct thanks to a number of independent strategic decisions over a 10 year period;
- **Proximity to existing and planned transport and services infrastructure:** Most of the major tourism precincts are centrally located and can take advantage of the existing transport infrastructure. As new precincts are considered the issue of transport will be critical;
- **Identify attractive attributes:** This could include views, access to cultural or entertainment facilities, and services that can be further leveraged; and,
- **Potential to intensify activities within the precinct:** This could include the introduction of new activities or physical changes to a locality.

Examples of localities where these principles might be applied to create designated tourism precincts include:

- **The Southbank/St Kilda Road Arts Precinct:** Whilst this is often acknowledged as Melbourne’s cultural ‘heart’, the planning and development of the precinct is not necessarily leveraged to its fullest extent. A focus on this area in the MPS could drive further opportunities; and,
- **Better utilising Port Philip Bay and its environs:** The Committee considers there is a major opportunity to bring major additional tourism activities to the bay including new hotels and other allied tourist facilities.

Strengthening Melbourne’s economic opportunities

The MPS must identify Melbourne’s economic areas and support their growth with policies prioritising the enhancement of productivity, competitiveness and wealth creation. The Committee is supportive of both ‘Idea 1: Growing the Central City as the anchor of a world city’ and ‘Idea 2: Building national employment and innovation clusters’ in the Discussion Paper, and is pleased the Central City (including Parkville), Monash-Clayton and Melbourne Airport have been identified - **the MPS must prioritise and enhance linkages between these areas.**

The continuing importance of Melbourne’s Central City

Employment in the City of Melbourne has risen from an estimated 210,000 in the early 1990s to a current 475,000 providing the base for rapidly growing knowledge-based industries that have underpinned Victoria’s economic growth in recent years. Employment in the City of Melbourne is projected to reach between 800,000 and 1.2 million in the next 40 years.²³

Scale and agglomeration economics will always favour economic activity in Central Melbourne. This is unlikely to change and Central Melbourne will therefore remain the premier location for high value-add jobs, and business that is reliant on highly skilled labour and international connectivity.

The MPS must position Central Melbourne as ‘The Premier Business Location’ and policies must reinforce the growth of Central Melbourne. **The MPS must support this objective with measures to improve the efficiency and capacity of transport infrastructure** and should align with the Committee’s core objective for the MPS - **connectivity** (more on this in section 2.3). Maintaining Melbourne’s dynamism must be a priority, and the continued renewal and creation of new visitor and resident offerings, as well as a strong focus on business specific development, are keys to achieving this outcome. Planning should encourage developments with increased floor space ratios and should focus on enhancing public realm and place-making at street level. Development intensity should be a particular focus close to major transport hubs or interchanges.

Melbourne has a unique competitive advantage over many other cities because it has access to large amounts of renewal area within close proximity to the Central City. Development and renewal in areas around Melbourne’s central core, including the Docklands, Fishermans Bend, and North Melbourne precincts, should be promoted and coordinated to support the development of additional globally competitive commercial, residential and tourism assets.

²³ PTV, Network Development Plan – Metropolitan Rail, 2012

2.3. Long-term infrastructure plans

A long-term infrastructure plan for Melbourne and Victoria, that links the city with regional centres and the State with the rest of Australia, is essential. This plan needs to be an absolute minimum of a 20-year plan, but ideally would identify our major infrastructure needs with a 50 year horizon.

The concept of envisioning a 50-year plan seems to many, to be a horizon too far away. If you consider however, that Melbourne is currently running on an urban rail system which, minus a few relatively minor additions, was built in the 1880's, and is still serving the greater city some 130 years later, and it is clear the infrastructure we build today, will potentially still be in use in the next century. This, coupled with the fact major infrastructure projects can take in the vicinity of 10 to 20 years to complete, clearly shows that a 50 year horizon is not too far away.

Long-term infrastructure planning and better use of our existing infrastructure networks are essential if Melbourne is to maintain a competitive advantage. Addressing transport congestion and poor network coverage, notably for freight and public transport, presents the greatest opportunity to improve national productivity.

We know that the costs, risks, challenges and inconveniences associated with infrastructure planning and build are significant. This is to be expected considering the size and scale of these projects, and it is not surprising that these factors often discourage decision-makers from making timely and decisive decisions on major projects. The cost however, in terms of loss of productivity and liveability created by ageing transport networks that do not meet our current, much less our future needs, will be even more significant if we don't start to bridge our infrastructure gap immediately.

A long-term, integrated plan that identified our major infrastructure needs for the next 50 years would significantly improve our capacity to build efficiencies as it would:

- Provide significant clarity in shaping our city and surrounds by allowing for better integration of land uses, such as industrial, residential, open spaces and nature reserves, with the land required to provide the infrastructure needed to support or access those uses;
- Would build greater confidence amongst land developers, investors, service providers and logistics operators who require some clarity for the future to be confident significant infrastructure investments of their own, are appropriately located for the future;
- Significantly decrease the risk of regret spend. Assets of the size and scope we are referring to in long term-planning, (ports, airports, heavy gauge freight rail and heavy and light gauge passenger rail), require substantive one-off investments to build. Whilst these assets more than return their value in either productivity or social benefits over the generally long service of their life, they are equally subject to failure to realising their full potential if they are not well planned and strategically positioned.

It is clear that a long-term infrastructure vision is a key to growing and strengthening our city. Developing and delivering a long-term vision is however, a complex task. To realise and deliver on a long-term vision, the Committee believes we must:

- Allocate responsibility for coordinated long-term planning;

- Prioritise our infrastructure build plan;
- Integrate land-use planning and infrastructure provision;
- Identify and protect our corridors;
- Plan our long-term infrastructure build with reference to our population and economic growth drivers and social aspirations;
- Plan to manage demand for the future through pricing and prioritising of infrastructure services;
- Conduct full capacity and condition assessments of existing infrastructure and its ability to meet current and future needs;
- Plan to maximise the potential of our current assets via upgrades where we can, and provide ongoing maintenance plans to maximise the life of assets;
- Make better and smarter use of its existing infrastructure, finding more efficient solutions and influencing demand and supply scenarios; and,
- Build suitable infrastructure that meets our needs, without being unnecessarily complicated. Achieve greater transparency via communication, consultation and engagement with stakeholders, including investors, operators and the community.

As noted above, a key to successful long-term planning is the allocation of responsibility for this process to a suitable entity. Whilst we have a number of organisations around Australia, such as Infrastructure Australia (IA) and the newly formed Infrastructure NSW, who are charged with various aspects of development, we fall short of defining where the responsibility for the full coordination of our long-term planning should lie.

Infrastructure Australia for example, is responsible for assessing the appropriateness of national scale infrastructure responsibility in terms of recommending projects as suitable for national Federal funding support. IA has not however, been given responsibility for recommending a full prioritisation of projects, or for allocation of funding directly.

Infrastructure NSW was established as an independent statutory authority in 2011 to identify and prioritise the delivery of critical public infrastructure for NSW. One of the first priorities was to prepare a 20 year State Infrastructure Strategy to be implemented through annual Five Year Infrastructure Plans which identify specific major infrastructure projects to be undertaken as a priority. In addition to developing the 20 Year State Infrastructure Strategy and Five Year Infrastructure Plans, Infrastructure NSW also:

- prepares project implementation plans for major infrastructure projects;
- reviews and evaluates proposed major infrastructure projects;
- oversees and monitors the delivery of major infrastructure projects and other infrastructure projects;
- assess risks involved in planning, funding, delivering and maintaining infrastructure;
- provides advice on economic or regulatory impediments to the efficient delivery of specific infrastructure projects or infrastructure projects in specific sectors;
- provides advice on appropriate funding models for infrastructure; and,
- coordinates the infrastructure funding submissions of the State and its agencies to the Commonwealth Government and to other bodies.

For some time the Committee for Melbourne has been calling for the establishment of a similar entity in Victoria. In our *Melbourne Beyond 5 Million* reports, the Committee championed the notion of an independent ‘Infrastructure Victoria’ entity be established to coordinate land use planning, infrastructure, and economic and community development in a manner which fosters collaboration between all tiers of Government.

During 2012, the Committee also made a formal submission, and gave testimony, to the all party Parliamentary Public Accounts and Estimates Committee. This report picked up these concepts in the first of sixteen recommendations:

The Government (should) establish a new advisory body, the Victorian Infrastructure Council, to be responsible for the identification and analysis of possible new projects for inclusion in an ongoing pipeline of future projects. Responsibilities would include:

- (a) being a key source of policy and other advice to Government on overall infrastructure priorities and directions;*
- (b) recommending an infrastructure vision for Victoria and associated long-term planning strategies (including a twenty year strategic infrastructure plan and 5 to 10-year rolling plans);*
- (c) advising Government on the priority of proposed projects; and*
- (d) acting as the principal liaison body on behalf of the Government with Infrastructure Australia on national infrastructure matters.²⁴*

The Committee advocates that such an authority is established as a matter of priority to ensure that the infrastructure outcomes that must underpin the MPS are delivered.

Energy, Water and Technology

For the most part, we tend to forget the infrastructure issue does not just relate to roads, rail, ports, hospitals and schools. Other essential infrastructure such as energy, water and technology provision, are also vital to our liveability and integrated solutions for energy, water and technology need to be foundations of our long-term infrastructure plans.

Energy in particular is a concern, and it is clear to accommodate Melbourne with a population well beyond five million, a significant transformation in Victoria’s energy systems will need to occur.

The ongoing large scale urban development in the outer north and west of Melbourne brings with it a broadened demand for water and power services. This growth however, also offers specific opportunities to evaluate integrated solutions that may include alternative or additional sources of power and water, and most certainly requires a high order decentralised infrastructure strategy that will provide multiple benefits.

There are significant opportunities available to reduce energy demand through efficiency improvements. There are still many gains for example, to be made in energy efficiency in residential properties through smarter design, materials selection, insulation and efficient appliances. The

²⁴ Public Accounts and Estimates Committee, Inquiry into Effective Decision Making for the Successful Delivery of Significant Infrastructure Projects, 2012

energy efficiency standards of Victoria's existing residential and commercial buildings are well below current world standards. With innovative solutions we can make significant advances in the commercial and industrial sectors. For example, we should expect to see more efficient use of natural gas in local cogeneration and tri-generation facilities, including exporting excess power to the grid and the development of district heating and cooling systems.

Throughout Melbourne the electrical distribution system will need to be strengthened to allow for significant quantities of decentralised electrical energy sources to be fed back into the grid. Smart meters at customer interfaces provide opportunities for both small and large customers to regulate their power consumption and generation to suit short-term power pricing patterns. Indeed, energy pricing policy and incentives will be a critical part of energy demand management.

The challenge for Melbourne is to increase the capacity of electricity generation at the same time as significantly reducing emissions at the lowest possible cost. An increase in capacity, particularly baseload – will be required. Although there will be improved efficiencies, these will be more than offset by the growth in demand for electricity resulting from population growth and increased electrification of the economy (e.g. electric cars).

A range of opportunities to meet our growth in electricity demand, brown coal, nuclear power, wind and solar power and better use of the grid; to a large degree are still being discussed and contemplated as options, rather than forming part of a defined plan for the future. There are many entities much better placed to engage in the technical debate of the intricate pro's and con's of each potential opportunity than the Committee and we do not seek to provide a specific opinion on the best way forward.

We do however, believe that we must address the needs for our future now as part of our long-term infrastructure plan. There are many examples world-wide of excellence in developing more sustainable solutions for the future, and as Robert Hutchinson from the Colorado's Rocky Mountain Institute noted in a recent address to Committee for Melbourne members,

.....with a little visionary thought and engineering innovation, we can do a lot more, for a lot less.

The Committee believes that due consideration of our future energy, water and technology needs must be included in our infrastructure plan of the future, and that Melbourne should, as part of its vision for the future, follow the lead set by Washington DC and strive to be a world leading *healthy, green, and sustainability city of the future.*

2.4. Melbourne must gear itself for growth and improve liveability for all

The Discussion Paper identifies a range of challenges that Melbourne faces as it seeks to chart its course for growth over the next 30-40 years to achieve productivity increases while at the same time maintaining the high levels of liveability that are such a trademark of Melbourne’s successful global ‘brand.’

The Discussion Paper aspired to seek community views on issues such as:

- Ways that State and Local Government can balance often competing revitalisation and preservation aims
- How to deal with the disparity between choice-rich and choice-poor areas. The Committee’s view is that we have moved beyond the prospect to the reality of there now being ‘two Melbournes’
- How the overall form of Melbourne can be managed, including ideas for creating the ‘20 Minute City’
- How the capacity and potential of existing infrastructure can be unlocked
- What the key ingredients for success in achieving the vision of an expanded central city might be
- Whether identifying and reinforcing employment and innovation clusters across Melbourne is a good idea

The Committee does not intend to answer all of these questions directly in this submission. Rather, in this section the Committee proposes one central recommendation supported by three implementation actions which we believe will help the MPS gear Melbourne for growth and liveability outcomes that can be shared across Melbourne.

The MPS must make connectivity a core objective and support its implementation with policies that focuses on:

1. Building critical metropolitan infrastructure
2. Leveraging existing and future infrastructure investment
3. Delivering urban renewal based on principles of Smart Growth

Connectivity and transport infrastructure have a direct influence on a city’s competitiveness and equality. Many studies have highlighted the fact that connectivity is crucial for unlocking the positive benefits associated with agglomeration. Investments in connectivity can create new growth opportunities and intensify competition.

Connectivity and permeability, advanced through the physical design of our cities and neighbourhoods, along with mobility, advanced through movement systems and operational processes, reinforce the accessibility of places. *Connectivity* and *mobility* form the central pillars of Smart Growth, an urban planning and transportation theory; which many communities who have been disadvantaged by sprawling development, are adopting to improve their daily life, their local economy, and their environment.

The Discussion Paper clearly advances many of the principles widely agreed as the common emphasis of Smart Growth, such as:

- Seeking the avoidance of sprawl and the preservation of open space and agricultural land by concentrating growth in compact walkable urban centres;
- Bringing uses together to create a vibrant mix of housing, jobs and services;
- Expanding the range of transportation (especially non-car modes), employment, and housing choices;
- Achieving equitable distribution of the costs and benefits of development;
- Preserving and enhancing natural and cultural resources;
- Promoting public health; and,
- Supporting and valuing existing communities and achieving a unique sense of community and place.

The impacts of Smart Growth tend to be synergistic, in that the total impacts are greater than the sum of their individual impacts. However, the notion of connectivity and its implied increased intensity of activity, improved walkability and active travel opportunities and increased public transport options are central to driving the productivity advances and spread of liveability benefits desired by Government. Research on Smart Growth suggests that more connected places create, per capita, more equitable access to services, reduced travel times, improved public health outcomes, energy savings, greater productivity, greater competition, sustained viability of local businesses, and a broader community sense of wellbeing.

Spatial Connectivity

The implementation actions required to deliver a more connected city at all spatial levels are explained in more detail in the following section:

1. Building critical Metropolitan infrastructure

Melbourne must get on with the job of building critical Metropolitan infrastructure. For too long we have procrastinated over project priorities, funding models and been slaves to popular polls. Meanwhile, many of the key projects essential to our basic future growth continue to be delayed despite having been approved by Infrastructure Australia as projects of priority that are underpinned by sound business case principles, such as:

- The Melbourne Metro
- The East West Link
- The M80 Ring Road
- The Western Interstate Freight Terminal
- Melbourne’s Second Port and associated Transport Corridors
- The Dandenong Rail Capacity Program

The MPS must develop a strategic, prioritised and systematic capital works program to deliver key major projects as a matter of urgency. These projects are critical as they are the projects that will define our city shaping and freight and logistics future.

These major projects are either critical city shaping projects that will create a new paradigm of passenger connectivity to and through the city, or serve a vital freight and logistics role that will support future key economic clusters outside of the extended CBD, directly playing a key role in expanding the central city and economic opportunities across Melbourne.

The MPS must:

- **clearly identify major essential major infrastructure projects;**
- **engage in an immediate process of corridor protection by identifying alignments and reservations in plan form, and committing to reserving land corridors now;**
- **explicitly prioritise projects and outline a time-lined plan for their implementation that responds to relevant sequential build requirements;**
- **commit to stated timeframes for project completion;**
- **identify funding strategies that allow for these works to be progressed in the most timely manner possible;**
- **enable implementation of innovative new funding mechanisms that go beyond the traditional government funding models of the past; and,**
- **complete detailed business case analyses of projects and include input from all stakeholders including industry and community**

In considering the prioritisation and delivery of critical infrastructure projects, the MPS has a key role to play in ensuring that decisions made are based on sound economic and spatial considerations that meet the needs of Melbourne and Victoria's economic and liveable future (see Case Study 2). Whilst it is important that decisions made do include due consideration of environmental, heritage and community amenity issues, these concerns should not be allowed to unduly bias decision-making. It is essential that a full range of economic factors, which includes market-focused research from potential investors, operators and end users, is considered along with other wider economic and amenity affects.

Case Study 2 | Melbourne's Second Port

The current debate regarding the location of Melbourne's second port provides a clear example of the need for the MPS to enable the relevant processes to ensure decision making so vital to Melbourne and Victoria's future, are based on an unbiased consideration of a comparison of like-for-like strengths, weaknesses and opportunities.

There are a number of issues associated with choosing either of the options being currently considered; a bay dredge and potential widening of the heads required assuming a 'Bay West' solution, and a capacity restriction and road and rail amenity issue for the city itself if Hastings is preferred.

Regardless of the merits of the final location, it is a major concern the Hastings versus Bay West debate to date does not appear to have included input from the global investment market and end operators of the asset in the discussion, but rather have been based around a public political difference of opinion. Given that one assumes capital markets are going to be approached to pay for a large portion of the work required to deliver associated freight and logistics structure, it follows these groups should be engaged in the discussions at the outset to help successfully guide access and improvement choices for freight infrastructure.

With such significant dollar and land requirements at stake, it is essential that decisions made are made with the full input of all stakeholders, and compare like-for-like business cases in a transparent manner. When private business seeks to make major infrastructure investment decisions, they spend a sizeable portion of the total project cost on completing a thorough cost-benefit analysis of all

options before making a decision. They consider that it is better to spend some millions up front to make a correct decision, (even if that decision may result in not continuing on with a project, thereby losing that initial investment), than to make a poor decision up front. Poor up-front decision making invariably leads to either cutting scope to manage budget, (thereby undermining the project itself), or having to absorb significant cost over-runs for a project that was poorly conceived and costed in the first place.

Public projects should be required to invest the same time, money and energy into making a best case decision, and in more accurately costing projects. The MPS must put in place processes that establish best-practice decision making procedures.

2. Leveraging existing and future infrastructure investment

The MPS must acknowledge that **significant infrastructure investments must be leveraged to unlock development and land use uplift opportunities that exist around existing rail stations.** (See Appendix 4 - a case study on Integrating Transport and Land-Use Outcomes)

The Committee is in agreement on the importance of unlocking the capacity of the city's existing infrastructure as a means of driving sustainable, efficient and cost-effective metropolitan growth. Leveraging investments made in transport infrastructure to deliver land use uplift outcomes responds to the city-shaping agenda to be set by the MPS, through providing efficient, productive, and liveable opportunities to accommodate Melbourne's future population growth. The integrated 'land use plus transport' approach to business case preparation now required for infrastructure funding bids to Infrastructure Australia also reinforces this approach.

Defining how the required infrastructure is best provided presents particular challenges, given both the lengthy timeframes involved and the magnitude of funds required. It involves consideration of:

- The governance arrangements that should apply to investment decisions which account for whole-of- Melbourne/Victoria outcomes;
- How to increase the capacity of the existing infrastructure networks through pricing mechanisms by granting priority/dedicated use or by removing particular bottlenecks;
- How the construction and operational investment is to be funded (public and/or private sector equity and debt) and the source of revenue to repay the investment (taxes and user charges); and
- The mix of Commonwealth, State, Local Government and private funding best suited to the asset concerned

The Committee sees hard rail infrastructure as critically important, and different from the major road projects in that rail transport in particular provides nodal points of higher transport accessibility, on which a highly connected metropolis can be based. The potential that the Regional Rail Link provides, both as a commuter service for the new communities of Wyndham West and Wyndham North and in relieving congestion on the arterial road network in that region is significant. Similarly, the extended rail service geography provided by the Melbourne Metro project will have significant benefits on the ability to move people en-masse to and through the metro area via rail – providing greater access to employment growth, particularly to areas in Melbourne's West, North West and South East.

In addition to the connectivity benefits of a project such as Melbourne Metro in and of itself, it would also drive development feasibility through the enhanced levels of accessibility, particularly in connecting workers with jobs right across Melbourne. Accessibility enhancements in a particular location are likely to alter its capacity to support a more diverse range of uses. Station precincts capable of supporting intensified forms of use and development, including employment, residential, community and other desirable services and experiences begin to emerge.

The enhanced business-to-business and social interactions facilitated by the East-West Link and Melbourne Metro projects is acknowledged in the Discussion Paper in the context of an expanded Central City.

Melbourne Metro is an example of a project that is vitally important to unlocking development within, and beyond the Central City. This major project demonstrates a range of ways in which an infrastructure project can not only bring significant improvements to connectivity, but also in potentially:

- Assisting with the creation of desirable alternative, non-CBD commercial nodes for major office development;
- Accelerating development timeframes and improving development around station precincts and therefore consolidating the wider activity centre network;
- Opportunities for increasing intensity of development, particularly residential, around rail stations and with that, opportunities for enhanced pedestrian access to rail transport and increased rail patronage; and,
- Enhancing connectivity between significant employment and residential areas.

Construction of a major infrastructure project like Melbourne Metro is very costly, and while financing can be found, the question of where the funding pool to repay that finance will come from is not simply solved. However, projects of the size and scope of Melbourne Metro bring with them a range of benefits beyond just those benefits to direct users. There are also a significant array of potential land use uplift opportunities that arise, and these beneficiaries should also be considered as potential funding pool contributors. Realising uplift opportunities is not easy. In most cases, it will potentially require a multitude of actions by government which may include setting clear long-term policy, direct investment, establishing new institutional or regulatory arrangements, and land assembly for example; to create the opportunities and projects for the private sector or even government itself, to invest in or act upon. Whilst many of these types of interventions come with their own costs, beyond any initial or planned infrastructure investment, they can still be justified over the longer term.

The ‘implementation toolbox’ available to government to enable, facilitate, direct and make investments to bring about intensified land use outcomes around rail stations is wide-ranging. The Committee has raised many of these potential options and case-studied their successful implementation in a range of domestic and international cases in ***Moving Melbourne – A Transport Funding and Financing Discussion Paper*** released in October 2012. It is not the Committee’s intention to detail all of these options in the body of this submission, however a copy of the document is attached at Appendix 5 for your reference.

3. Urban Renewal and Smart Growth

Integrated long-term planning is vital to the successful implementation of the MPS. The Committee believes a core component of the implementation process should be to **create a new urban renewal program delivered by a cross-government funded entity that partners with the development industry to deliver high quality urban outcomes based on the principles of Smart Growth**. The new entity would not be required to build individual developments; instead, it should deliver integrated decision-making based on genuine community engagement, economic innovation and coordinate public and private interests.

Urban Renewal Brisbane (URB), which started out in 1991 as the Urban Renewal Taskforce; is one such entity and a model that should be explored for Melbourne. Throughout more than 20 years of existence, URB has applied many of the tools available to government to bring to fruition a number of successful brownfield, master planned, public realm and transit-oriented-development projects throughout Brisbane, including:

- Coordinating State and Commonwealth funding;
- Provision of astute and well-regarded economic and market advice;
- Collaboration for major land owners and development interests;
- Reducing red tape and achieving streamlined, innovative approvals approaches;
- Demonstrating design excellence through development of its own standards; and,
- Engendering broad-based community support for projects.

Such an entity could be mandated to operate across all of Melbourne. One logical place to start in Melbourne would be to focus on land use uplift opportunities around key rail stations where enhanced development and economic activity could stimulate and re-energise existing centres or neighbourhoods.

Case Study 3 | Melbourne's Two Cities

The Committee's members are increasingly concerned about the dichotomy of opportunity between what could be termed inner Melbourne (loosely defined as that part of the city within the tram network) and greater Melbourne (much of the broad suburban greyfield and emerging greenfield communities emerging even further beyond). We commend the MAC for recognising the growing reality of 'two Melbournes' and also recognising that a key to reversing this trend is connectivity in its broadest sense (physical and social connections as well as the powerful impact of internet, teleworking and social media connectivity).

The concept of two cities within Melbourne is no longer a cause for concern, it is a reality.

Housing affordability is a key driver of the current social divide we are seeing. The CBD and inner city has been "gentrifying" gradually over the last several decades. New communities of students, young people and professionals are replacing migrant and lower socio-economic communities who once resided in inner city areas. While urban renewal and infill have provided a good standard of new housing stock in many inner areas, it is often tailored to a specific, affluent end of the market

While we are fortunate to have large inner to middle suburbs where accessibility to services and

facilities is exceptional, the economics of urban infill and the affordability of housing in these locations is beyond the price range of many, and as a result those on lower incomes are gradually pushed out. Even the inner west, which traditionally catered to lower income households whilst still providing relatively good service access, is rapidly becoming a location of choice due to its proximity to the city, service support and cultural mix. The resulting rise in house prices is now seeing this area becoming more affluent, and lower income earners are again being pushed further out.

Community wellbeing in the outer suburbs is more fragile. In these areas, where population growth is likely to be significant because housing is more affordable, incomes are often lower, and the shortage of easily accessible employment, and the availability and cost of public and private transport, limit opportunity and choice.

Demographic analyses that show indicators such as mortgage stress, educational attainment, income level, service provision and skilled work opportunities, show a clear divide between those in the inner city area who have, and those outside who have not. Without planning intervention to address the issue of urban infill, we will continue to see a growing divide across greater Melbourne where higher income earners have vastly better access to services and facilities than other members of the community. Melbourne is already becoming inequitable as a result of our rapid growth and expansion continuing without the provision of essential supporting infrastructure, services and employment opportunities. If we do not plan to structure the city and its transport and infrastructure networks inclusively, we will continue to see a growing social divide.

Government planning needs to ensure more equitable infrastructure development, and must work to maintain a competitive environment for doing business in the outer areas of the city. Distribution of employment opportunities across Melbourne and Victoria, must be a high priority in achieving social equity and enhancing liveability.

Towns and cities should facilitate economic and community development, create a sense of place and bring people, places and networks together. Planning should facilitate creative and intellectual endeavours underpinned by the arts and science, through educational, cultural and business exchanges that generate community wellbeing and new business opportunities. The history of our places should also be celebrated and the city's impressive wealth of heritage places and objects should be protected, maintained and enhanced. Whilst our heritage assets that explain our rich history, culture and values should also be protected as appropriate, this must be done without unduly inhibiting growth and development.

This said, in order for our city to maintain an inclusive nature, we must ensure that everyone has access to housing that better meets their personal needs. Based on current trends, the following needs can, and should, be anticipated:

- *Retirees will need a range of smaller-scale housing options, dispersed within their current communities, as well as more formalised retirement facilities in proximity to community and health facilities;*
- *Students and singles will predominantly require one and two bedroom accommodation in close proximity to transport, education and entertainment choices;*
- *First home owners will require a range of higher density apartments and family homes, depending on their stage of life;*
- *Increased options for open space availability need to be included into medium density*

designs.

- *Public and private open space needs to be supplemented by communal or shared open space options;*
- *Further medium density designs need to be promulgated to ensure that increasing density can provide positive lifestyle options, thence reinforcing the view that increasing density is not by definition a negative; and*
- *New developments should incorporate housing solutions that reflect and respond to the broad needs of the community, and include a variety of sizes, types, values and tenures.*

ABS analysis shows that while the average number of persons per dwelling in Australia has decreased over time to 2.5 people, there has concurrently been a somewhat illogical increase in the average number of bedrooms in Australian dwellings to 3.1. This suggests that our housing provision has become increasingly out-of-step with our needs. Meanwhile, cost of housing across Melbourne has increased significantly recently when compared with average incomes. The result is that for many mid to low income earners, there are fewer housing options at an accessible price point, particularly in the inner city areas, so these people are gradually driven to poorly serviced and less accessible parts of the city.

The concept of 'affordable living' extends not only to the costs of accommodation, but also to the ongoing cost of living. The key elements necessary to achieving affordable living are finance, land, transport, jobs, services, amenity and housing. If affordable living is to be facilitated, then we believe that the following criteria need to be considered in planning the physical nature of Melbourne:

- *Land is needed at the right price, the right size and in the right location;*
- *Transport is essential to the location of housing and ideally should provide ready access to workplaces;*
- *Services need to be at hand. It is not acceptable to impose long and expensive travel distances to key services such as schools, child care, health care and essential retail;*
- *Amenity is central to Melbourne's liveability, so affordable living needs to offer great neighbourhoods around modest housing solutions. A trade-off between the scale and offering at home compared with the offering of the surrounding area;*
- *Affordable housing options must be available. In a society where only about one-third of households have two parents with children, we need housing that is sized to suit changing demographic needs; and*
- *Affordable housing also means addressing operational costs, as distinct from capital outlay.*

In the current public discourse 'increasing density' has a negative connotation. Counter-intuitively though, increasing density in a well-planned way should be seen as a positive. 'Good density' brings with it many perceived benefits and improved cultural amenity. The market certainly confirms this, which is why suburbs like St. Kilda and South Yarra are very popular locations.

Our current density targets, sitting at around 15 dwellings per hectare for Melbourne's fringe are well short of cities such as Frankfurt, Rome and Vienna, where densities of 25-30 dwellings per hectare are common. These cities are not seen as over-crowded and uncontrolled however, are recognised as vibrant, exciting and lively. Clearly we can increase density and keep our soul if we plan and develop carefully.

When examining Melbourne's 'soul', there's little doubt that a formative characteristic of our city is

its bounty of green spaces. With this in mind, if we are to increase development intensity then we must make a conscious effort to retain our green spaces. Our urban green spaces not only contribute to our collective soul, they're also instrumental in controlling ambient temperatures, reducing heat island effects, absorbing carbon, conserving biodiversity and provide recreation opportunities. We are also a vibrant and creative city, and we should ensure our population centres are active, attractive, safe and lively.

Unfortunately, our inherent fear of the term 'density' has however led to an urbanly-sprawling city. A proactive approach to appropriately managed densification must be taken, and the Urban Growth Boundary (UGB), is a key to achieving this end.

If the prevailing concern continues to be to provide land in a timely manner to a residential property market that is becoming supply constrained, the result is that unfettered supply becomes the primary driver of short term housing affordability. When the pressure to open up land for development becomes the driving factor, the result can be very modest performance standards in relation to providing greater housing density and choice in developments on the urban fringe.

To help densify and therefore meet our populations growth demands, the Urban Growth Boundary must be just that – a boundary, not a temporary control line. A boundary creates the mindset that speculative energies and development investment are better spent within the boundary rather than creating a ring of marginalised rural land around the city's edge. The assertion that the UGB is a boundary rather than a temporary control line is, however, undermined by ongoing re-alignments of the UGB over time. If the UGB line continues to be redrawn, the incentive to densify is negated.

To ensure that the right mix of urban densification and urban expansion is achieved, we believe that the following principles should be applied to deliver more sustainable development outcomes:

- *New areas should be planned and managed as resilient, diverse and interconnected economic regions with targeted private and public sector investment in place-making to facilitate early delivery of vibrant economic and social hubs;*
- *Development should be based on both the principles of genuine mixed-use activity centres and the achievement of overall residential densities considerably higher than current government policy targets for outer growth areas, so as to reduce land take-up;*
- *A diverse range of housing types and tenures should be provided to meet demand from a wide market spectrum to deliver the full range of affordable to premium housing options; and,*
- *A district and precinct-wide sustainable infrastructure and transport system.*

The realities of population growth in Melbourne are inevitable. To ensure that population growth becomes synonymous with enhanced liveability and sustainability, we need to address not only the densification of the fringe and the growth of satellite cities and towns, but also the densification of existing parts of the city.

The densification discussion should be about the carrying capacity of neighbourhoods rather than filling Melbourne with high-rise buildings. A neighbourhood friendly approach is possible, and is essential. Some neighbourhood precincts should remain low rise and low density as these areas typically provide extra privacy and a quiet lifestyle desired by some in exchange for convenience to transport, schools, jobs, shops and community services.

The introduction of additional households into the established parts of the city is not yet approaching the scale required, but it has already started creating tension and negativity due to projects that attempt to force density onto communities that already meet appropriate metropolitan benchmarks. The solution lies in looking at whole neighbourhoods. When developments are taken on a case-by-case basis, rather than in the planned context of knowing where a neighbourhood is heading, it is hardly surprising that residents feel their investment and lifestyle is under threat. It is fair to expect communities to develop an involvement in and knowledge of how their neighbourhood will change with time. It is also naive to expect that everyone wants the same size and type of dwelling. Neighbourhoods need to provide a spectrum of choice to suit different incomes, stages of life, spatial needs and lifestyle choices.

The accommodation of a greater number of people into a given area presents both challenges and opportunities. The only way most people can be encouraged to live in closer proximity to one another and in smaller dwellings (apart from price considerations) is to ensure that the quality of local life in the public domain compensates for the reduction in size of the private domain, both in house size and in private open space. The public domain needs to provide jobs, services, open space, recreation opportunities and access to transport. The benefit is that when more people live in a neighbourhood, the viability of providing such services and facilities is transformed. Inner city suburbs such as St. Kilda and even smaller centres such as Elwood, have achieved urban intensification successfully to create interesting and vibrant places. The result is they are highly sought after places to live, work and relax because they offer vibrant well-serviced neighbourhoods that have a range of housing choices.

It is acknowledged that densification places a heavier demand on ageing infrastructure that was in many cases originally scaled for a lower level of use and on services such as education and transport. In a manner similar to the experience on the city's fringe, services provision or upgrading will come at a cost. In most cases, while the cost will be less than the burden of providing new services on the fringe, it will be significant. Many of our service delivery authorities have such asset augmentation and replacement needs in hand for a potential population of about five million. But few, if any, are planning for a possible population of up to eight million in a coordinated manner viewed across multiple sectors. This is another example of the need for leadership and decision making. If infrastructure is to be renewed, it should meet established long-term density targets.

We must plan for a healthy, connected and engaged citizenship that:

- *exists within a fair and inclusive framework;*
- *is supported by equitable access to infrastructure and services such as transport;*
- *has equitable access to quality health and education services;*
- *has access to a suitable range of employment opportunities;*
- *has access to cultural, recreational and leisure pursuits;*
- *has access to an affordable range of housing options; and,*
- *is part of a safe, welcoming, inclusive and engaged community.*

The 20-Minute City

The MPS must enshrine the notion of the ‘20 Minute Neighbourhood’ into its core principles.

The Discussion Paper proposes the ‘20 Minute City’ as a key principle for the management of Melbourne, both at the metropolitan and local level, and as a means of shifting the focus of growth towards ‘living locally.’ The Committee supports the direction of this policy principle, but believes it must be taken further to become the ‘20 Minute Neighbourhood’ and start to significantly reduce the reliance on the private car as a primary transport option in order to meet one’s daily needs within 20 minutes of home. Whilst the difficulty in achieving this will not be without its challenges, the 20 Minute City as an aspiration cannot be faulted and if properly defined, understood and pursued it will be very successful in helping addressing the ‘two Melbournes’ challenge.

The concept of ‘20-minute living’ or the ‘20 Minute Neighbourhood’ (notably in Portland and Eugene, Oregon, and Adelaide in Australia), is based on the notion that a vital element of what makes healthy neighbourhoods is the close proximity of essential services or activities to those who need to access them. These basic services and activities are those we do for necessity or enjoyment on a daily basis and could include food shopping, going to a chemist, cafe, restaurant, school, cinema, sports facility, or enjoying safe and welcoming and open space. Healthy communities provide opportunities for active and passive recreation, including experiencing natural environments.

The ‘20 Minute Neighbourhood’ is one in which residents can access most of these essential services or activities within 20 minutes by the healthiest forms of transport, being walking or biking. Adelaide have added public transport as a third transport option, which we believe is also appropriate in the Melbourne context.

The Committee does not believe the idea of the ‘20 Minute City’ with the private car included as a significant mode of travel is aspirational enough to drive real change, particularly in already car-based communities in more Melbourne’s outer suburban locations. Putting the place of residence at the heart of a 20-minute drive time calculates to a radius of 13-14km, based on average car travel speed in Melbourne. Whilst we accept that the creation of an ‘*artificial hierarchy of local centres*’²⁵ is not necessarily an outcome to be strived for, a 13-14km distance from home does not in the Committee’s view correlate with a ‘living locally’ aspiration.

Digital connectivity

In addition, the 20-Minute Neighbourhood can capture the growing trend for teleworking. (See Appendix 6 for The Changing Workplace Case Study) The difficult task of delivering employment opportunities to residents in poorly connected areas could partly be addressed by providing access to teleworking centres or hubs in strategic locations across the metropolis (see Box 4). The Hub located in Bourke Street in Melbourne is an established and commercially viable example of such a centre, and this model is now being expanded into Sydney, Adelaide, and other areas of Melbourne. Centres like The Hub not only support more localised means of conducting business and transacting with other businesses they also generate economic activity in community centres.

²⁵ MAC, Melbourne let’s talk about the future, 2012

Box 4 | NSW Smart Work Hub Pilots

As part of the NSW economic development framework, critical infrastructure for 2013 will include piloting Smart Work Hubs (telecommuting and telepresence) to help businesses take advantage of the productivity opportunities offered by high speed broadband and new work practices. One possible location for a pilot is the North Penrith Urban Area in response to lack of local Penrith-based employment opportunities, congestion on the M4 at peak commuting times and pressure on public transport systems servicing the area. More than 70 per cent of Penrith residents in financial and insurance services, information, media and telecommunications, wholesale trade, transport, warehousing and postal, electricity, gas, water and waste services, construction, manufacturing, and administrative and support services need to commute outside Penrith to their work. The Smart Work Hub would aim to provide more opportunities in these sectors, particularly in financial and insurance services and the information, media and telecommunications sector for work based in Penrith. At the centre of the development is a new Station Square incorporating a public square with a surrounding retail and commercial precinct. The development is expected to create 2500 new jobs with 200 dwellings, public artwork and sales office, which will later be converted to a community facility and returned to Council, being completed by late 2012.

Active connectivity

Melbourne is fortunate to have a very strong cycling culture already in place. The Discussion Paper supports cycling and walking across Melbourne and the extension of on and off-road cycle paths in order to encourage cycling. It also acknowledges the current safety issues. The Committee is of the view that Melbourne should aspire to world leading standards, and that the MPS should be bold and follow innovative paths like those embraced by Copenhagen or, as recently announced by the Mayor for London, Boris Johnson, to see the bike replace cars for short trips as far as possible.

Whilst there is considerable cost to the London plan for cycling, it will no doubt again put London at the centre of world attention for being bold in the transportation sphere, following the introduction of the central London congestion charge which implemented what many thought would be a highly unpopular user-based charge to help manage traffic congestion in the central London area.

A recent study commissioned by the Queensland Department for Main Roads (*Benefits of inclusion of active transport in infrastructure projects, 2011*) assessed a wide range of location-specific projects and provided a basis for assessing generic active transport projects. The study found that, for a typical off-road path located in an inner urban area:

- 1000 pedestrians per day will generate discounted benefits of around \$7 million over a 30-year appraisal period (\$2.12 per kilometre walked)
- 1000 bicycle riders per day will generate discounted benefits of around \$15 million over a 30-year appraisal period (\$1.43 per kilometre cycled)

The Committee would like to see cycling seriously committed to, with a decisive effort in the short-term to improve cycle access in and around the CBD, and in the middle to long-term, to have extensive cycle networks shown on plan with future reserves allocated where specific, dedicated cycleway improvement projects will be delivered, with a prescribed timeframe.

The **MAC/MPS** must:

- **Place the achievement of a highly connected city, at all spatial scales from the metropolitan area to individual neighbourhoods at the heart of the implementation outcomes for the MPS**
- **Explicitly prioritise current planned infrastructure projects, by illustrating their alignments and reservations in plan form and committing to stated timeframes for their completion**
- **Target specific opportunities to leverage land use uplift outcomes off infrastructure investments**
- **Establish a new urban renewal program delivered by a cross-government funded entity to partner with the development industry to deliver high quality urban outcomes based on the principles of Smart Growth**
- **Enshrine the notion of the '20 Minute Neighbourhood' into the MPS**

2.5. Melbourne must manage the city as a single entity

The Committee notes that Section 5 of the Discussion Paper: “Making it Happen”, includes two key principles and five ideas relating to implementation of the MPS. We fully support these principles and ideas and provide additional observations and suggestions based on our research and the experience of our member organisations in shaping the city.

One particular concept that should be emphasised is **the need for a more integrated approach across government in the management of metropolitan Melbourne**. In order for Melbourne to manage the city as a single entity it must:

- Develop and implement strategic policy and institutional reforms in an integrated manner
- Establish a governance framework that considers Melbourne as a single entity
- Create a formal process for local government to be a critical partner in further defining the key policy directions for Melbourne’s suburbs
- Establish a metropolitan capital works program involving key sectors of state and local government
- Embed the key policy directions of the MPS within every state government department with a metropolitan role

Governance framework

Idea 15 in the Discussion Paper explains the governance outcomes that could be achieved by a new framework, including:

1. Arrangements for key development areas that cross municipal boundaries
2. Mechanisms for inter-council and inter-agency cooperation
3. Powers to deliver transformative projects
4. Better management of State owned land
5. Shared and timely release of data and research findings by State Government agencies

While these are worthy outcomes, the Committee suggests the governance framework should be based on the following principles:

- A metropolitan planning authority to be formed with an independent board. Board members should be appointed for specified periods outside the political cycle, and be charged with responsibility for advising the Minister for Planning on some matters and making decisions on others as delegated by the Minister;
- The deliberations and decisions of the metropolitan planning authority and its recommendations to the Minister for Planning should be subject to public scrutiny;
- The metropolitan planning authority should have the capacity to establish permanent or temporary coordinating bodies, with delegated powers, to address particular matters of a sectoral or location-specific nature;
- A line of decision-making should be established that connects the Minister for Planning’s responsibilities for strategic planning to the Premier and Cabinet, to enable coordination across legislative and departmental portfolios; and,

- The Transport Integration Act should be enhanced to further improve coordination between transport and land use planning agencies.

Tasmania and Western Australian both have independent planning commissions with statutory responsibilities and an advisory responsibility to their respective planning ministers. The COAG Reform Council observes that this creates a strong mechanism for integrated advice to cabinet on strategic planning and investment. In South Australia the Strategic Plan for Adelaide is the responsibility of the Department of Premier and Cabinet. The reform Council notes that this centralised approach to implementation also includes performance indicators for CEOs of government agencies to meet targets set by the Plan.

Strategic infrastructure coordination and provision

It is clear that an entirely new approach to the planning and funding of infrastructure is needed. The Committee has explored these issues extensively in the *‘Melbourne Beyond 5 Million’* report series and *‘Moving Melbourne – A Transport Funding and Financing Discussion Paper’* where a major concern was raised about the lack of integration across metropolitan infrastructure provision. At the MPS level, we feel the primary issue is alignment of the investment priorities and strategies of all state agencies responsible for related metropolitan infrastructure. **The MPS must align all relevant planning around Melbourne’s infrastructure priorities.**

The Committee has raised the point, as have a number of other bodies, that there is no single organisation responsible for centralised infrastructure coordination. Although it could be argued that this is a legacy outcome of privatisation, the fact remains that given the very long-term nature of infrastructure development and its metropolitan wide impacts, we must start to take a more long-term, independent and business focused approach to the planning process.

The Discussion Paper identifies a range of emerging issues in the section relating to Principle 8: “Infrastructure investment that supports city growth”. These include under-investment, lack of an infrastructure plan to shape the city, making existing infrastructure work harder, lag time for provision in growth areas and who should pay. In responding, the Discussion Paper puts forward three ideas:

1. Using investment to transform places
2. Moving to a place-based focus for programs
3. Identifying a long-term framework for metropolitan infrastructure

The first two ideas are worthy initiatives, in the quest to shape the city at the local level by using infrastructure as a tool for change. The third idea, however, should be regarded as the key to creating a strategic approach to infrastructure coordination at a metropolitan level. The Committee has previously supported the creation of an agency with the purpose of coordinating metropolitan infrastructure. This should include a mechanism to integrate infrastructure with the MPS. In this context, it should be noted that the recent recommendation by the Public Accounts and Estimate Committee to establish a Victorian Infrastructure Council (see Box 5) does list integration with MPS strategy as one of its proposed roles or responsibilities.

Box 5 | The Victorian Infrastructure Council – proposed roles and responsibilities

The core role of the Victorian Infrastructure Council would be the identification and analysis of possible new projects for inclusion in an ongoing pipeline of future projects.

The responsibilities of the Victorian Infrastructure Council would include:

- being a key source of policy and other advice to Government on overall infrastructure priorities and directions;
- recommending an infrastructure vision for Victoria and associated long-term planning strategies (including a twenty-year strategic infrastructure plan and 5 to 10-year rolling plans);
- advising Government on the priority of proposed projects; and
- acting as the principal liaison body on the behalf of the Government with Infrastructure Australia on national infrastructure matters;

Source: Public Accounts and Estimates Committee, Inquiry into Effective Decision Making for the Successful Delivery of Significant Infrastructure Projects, 2012

In conclusion the Committee supports the initiative of the MAC in taking on the challenge of setting a visionary strategic plan for Metropolitan Melbourne. As issues highlighted in this paper show, this is not a simple task; however, it is a necessity if we are to see Melbourne thrive and hold its place as a world leading city.

We thank the MAC for their interest in the Committee’s opinions and ideas and we are happy to engage further with the MAC and provide assistance going forward in any way we can.

3. Appendices

Appendix 1 - Anholt-GfK Roper City Brand Index

The City Brands Index (CBI) was developed via a partnership between government advisor and author Simon Anholt and GfK Roper Public Affairs & Corporate Communications, and provides an analytical ranking of the world's city brands. CBI measures perceptions of cities among nationals of both developed and developing countries by combining the following six dimensions:

- **Presence** - Based on the city's international status and standing and the global familiarity/knowledge of the city. It also measures the city's global contribution in science, culture and governance.
- **Place** - Exploring people's perceptions about the physical aspect of each city in terms of pleasantness of climate, cleanliness of environment and how attractive its buildings and parks are.
- **Pre-requisites**- Determines how people perceive the basic qualities of the city; whether they are satisfactory, affordable and accommodating, as well as the standard of public amenities such as schools, hospitals, transportation and sports facilities.
- **People**- Reveals whether the inhabitants of the city are perceived as warm and welcoming, whether respondents think it would be easy for them to find and fit into a community that shares their language and culture and whether they would feel safe.
- **Pulse**- Measures the perception that there are interesting things to fill free time with and how exciting the city is perceived to be in regard to new things to discover.
- **Potential**- Measures the perception of economic and educational opportunities within the city, such as how easy it might be to find a job, whether it's a good place to do business or pursue a higher education.²⁶

The CBI offers a comparative view of a cities strengths, weaknesses and opportunities and helps to provide global and local insights needed to move a city's reputation forward and increase the success of its business, trade and tourism efforts.

²⁶ http://www.gfkamerica.com/practice_areas/roper_pam/placebranding/cbi/index.en.html

Appendix 2 – Professional Services Workshop Summary

On August 14 2012 a workshop was held with leaders of Melbourne's Professional Services firms to discuss how Melbourne can become a leading hub for Professional Services
Boston Consulting Group provided assistance to the Committee by:

- preparing the workshop through desk research and a set of stakeholder interviews
- hosting and facilitating the workshop
- writing-up the conclusions

The following is a short summation of some of the headline issues raised in the workshop:

We are defining Professional Services (PS) in a broad sense

- Traditional PS sectors such as Legal, Accounting, Management Consulting, Market Research, Advertising, and Architecture, Engineering and other Technical Services (note: definition used for the subsequent data due to lack of official information)
- Non-traditional sectors such as Design, Medical Diagnostic Services, etc.

In Victoria, Professional Services is the third largest industry (\$22b TFI) and fourth fastest growing, employing 252,000 people or 9% of the working population

- Third largest industry in VIC, TFI of \$22b in 2011 (7.4% of VIC), and fourth fastest growing (5.54% p.a.)
- Larger contribution (7.4%) to the state's economy than in any other state
- Increasing importance to the state GDP driven by the decline in traditional industries e.g. manufacturing
- Victoria attracts more global leading Engineering and Technical service firms than NSW and currently has a fair share of large traditional PS firms

If the growth continues at current rate, it will be worth \$36b and employ 108,000 more people – total of 360,000 - by 2020

The Professional Services market in Australia is facing significant challenges

- Re-location of Professional Services skills within Australia and changes in public-private business mix driven by the two-speed economy
- Potential reduction in export growth rates due to AUD strength and up-skilling in overseas economies
 - Competition from UK/USA as a more cost efficient source of skills
 - Developing countries are up-skilling their workforce (e.g. Singapore)
- Increase in off-shoring of straightforward tasks to Asia impacting local jobs
 - e.g. back office engineering work off shored to Philippines
- Increase in domestic state competition, with dynamic NSW and QLD governments taking firm action to support economic growth
 - e.g. NSW industry action plans for Professional Services, Manufacturing, International Education & Research, Digital Economy and Tourism & Events

For Melbourne, the impact of these changes could even be amplified

- Historically large base of skilled architects, engineers, etc. is facing a lack of local possibilities, due to e.g. a strong reduction in local Government spending, and could gradually re-locate to e.g. WA/QLD

List of ideas suggested in workshop and interviews
(Ideas in bold were most discussed)

Cross-industry ideas - Broad economic initiatives which will positively impact PS and require engagement across industries and/or with public organisations:

- **Invest in sustainable, skills-creating, high-impact infrastructure projects**
- Investigate VIC mining opportunities
- Position Melbourne as the Australian centre of arts, design and culture
- **Provide support to and invest in most internationally competitive industries**
- Align local education system with needs of most competitive industries
- Invest in resources and up-skilling of SMEs
- **Raise Melbourne's international brand and business profile (city branding)**
- Invest in Asia-capable and Asia-sensitive workforce
- Maintain Melbourne's liveability
- **Develop a 50 year plan for Melbourne**
- Review costs of doing business in VIC
- **Leverage Melbourne's Asian-Alumni**
- Increase level of support for VIC businesses overseas

PS industry level ideas - Industry-specific initiatives which require engagement across PS sectors and/or public organisations:

- Select and invest in strategic PS sectors based on strengths and aspiration
- Establish innovation knowledge hubs
- Establish academia-industry-government links to support commercialisation
- **Establish an active, resourced and government backed PS industry association**
- Invest in a more robust (ABS) data reporting methodology for services
- Analyse imports and exports of other states in AUS to capture more share

PS firm level ideas - Initiatives which require individual firms to take action:

- Develop regional/global alliances/partnerships to tap into Asian growth
- Leverage local knowledge and expertise to provide Asian FDI support
- Leverage time difference to support 24 hour working
- Utilise off-shoring of generic tasks to free local focus on higher-value tasks
- Leverage emerging cost benefit of operating in Melbourne versus e.g. Perth

Other countries/states are developing industry or sector specific Professional Services action plans

NSW

Scope: Government sponsored series of industry action plans for Professional Services, Manufacturing, International Education & Research, Digital Economy and Tourism & Events

Approach: Series of sector specific work streams & workshops between Nov 2011 and June 2012, plan to be written and open for submissions until July, final presentation to NSW government in September

Outcome: Action plan with long list of recommendations

Singapore

Scope: Singaporean Accountancy sector and position it as a leading international centre for Accounting

Approach: Formed by the Ministry of Finance to review the sector, the review board composed of industry and academic representatives worked in consultation with over 80 key industry stakeholders (>100 meetings and focus groups). Draft of preliminary recommendations and KPIs published for review by broader stakeholder base

Outcome: Singapore qualification programme to be launched in June 2013 (first exam board December 2013)

United Kingdom

Scope: Specific action plans targeting Legal, Accountancy, Management Consultancy, Shipping, and Land, Property & construction

Approach: Started by the Chancellor of the Exchequer, the focus group spoke to senior representatives of the PS sector and government representatives to highlight specific opportunities and barriers within their own sector

Outcome: A list of highly sector specific policy recommendations

Melbourne's vision and action plan should take both a cross-industry and a sector-specific view

Appendix 3 - Higher Education as an Economic Driver Case Study

International education is Victoria’s largest export worth over \$4.6 billion to our state’s economy²⁷. In broader terms for Australia, the sector’s value to our economy is around \$18 billion and is our third biggest export and our largest service export.

“International students enrich Australian communities, bringing energy, diversity and new ways of seeing things. Many international students have gone on to become highly successful permanent migrants, creating a more diverse skills base, stronger international links and increasing the diversity of Australian society.

International students educated in Australia have also returned home to assume leadership positions in government and industry. Australia’s relationship with international students deepens our understanding of the world and the world’s understanding of Australia, contributing to our regional and global reputation.”²⁸

Whilst it seems everyone can see the economic and socio-cultural value of the international student sector, the collective will to actively support and promote Australia as a destination and to truly provide the kind of service and support international students want or hope for, appears to be more difficult to achieve. Whilst governments have recognised the importance of the international education sector to Australia’s economy and to our state in particular over the past few years, our competitors across the world have quickly capitalised on some of our misfortunes in the market.

Significant advances have been made at the government, regulatory authorities and legislative levels to protect the rights of international students. However, there are a number of limiting factors that acting to lower the desirability of Australia, and in turn Victoria, as a destination of choice for students, and are concurrently providing competing cities within Australia and around the world with distinct marketing advantages. If we genuinely view international students as an ongoing economic driver, we must do more to make Victoria a more attractive and desirable location.

While there are clearly some contributing factors that are beyond our control to change – namely the high Australian dollar and associated cost of living pressures, there are many areas we can, and in fact must, improve if we are to ensure that Australia and in particular, Victoria, remain a strong destination of choice is critical to protect and grow our market share.

Whilst many of the issues that do need to be addressed are notionally outside the scope of the MPS bounds - visa and immigration issues, work rights, safety and security for students, and the failure of some providers to maintain the high standards of offering one would expect from a country like Australia – there are also some basic concerns that the MPS should turn attention to, primarily accommodation and access.

Cost of living, and in particular accommodation options are becoming increasingly relevant of issues of importance for international students. Melbourne’s status as the world’s most liveable city is a strong marketing tool in many providers’ marketing collateral, however once in Australia the cost of living is seen to be high with affordable housing a major issue.

²⁷ <http://www.dfat.gov.au/tradematters/vic-graph.html>

²⁸ COAG International Student Strategy for Australia, 2010

The COAG Roundtable suggested more public-private accommodation partnerships, more active promotion of Homestay or home share (which also assists with social inclusion), and more reasonably priced on-campus accommodation are essential elements of our attractiveness, and Melbourne must work harder to provide a better range of affordable and appropriate accommodation options for students.

Connectedness, in a city where access to on-campus accommodation is very limited, many of our international students must seek accommodation in areas surrounding university. Given many international students do not have access to their own private transport options, they are reliant on public transport to move between their places of study, residence and recreation. While access to transport options may not be a major issue for the 14,000 international students living in the City of Melbourne Municipality, for those who wish to attend institutions outside the CBD, the opportunities to connect between home, work and play may not be so easy. We must ensure that our education institutions are connected and accessible, which of course applies equally to the wellbeing of both international and our own domestic students alike.

In speaking about attractiveness of our city as an international student destination, and connectedness, it would be remiss not to make note of the current situation which now sees Victoria as the only state in Australia that does not offer students discount on public transport for international students after the NSW Government extended discounts to international students in late 2012.

This is a major concern not only because of the added cost pressures on students, it also sends a signal that Victoria quite simply just does not care enough about our international students to extend to them the same courtesy other Australian states do, and that impacts negatively on our reputation, and makes us a less desirable location than some of our competitors.

If we are to position ourselves successfully as Australia's pre-eminent knowledge state, we must work harder to make our city the most attractive destination for international students possible.

The Committee would like to thank Monash College for their input into this case study.

Appendix 4 - Integrating Transport and Land-use Outcomes

As part of the Government's first two grade separation projects at Springvale and Mitcham Station, VicTrack investigated the feasibility of constructing mixed use developments over the air-space of train stations and delivering the piling needed to support such a development with VicRoads' civil project. This involved VicTrack and VicRoads working in partnership with the City of Greater Dandenong, Department of Transport, and the Department of Planning and Community Development to create an opportunity for private residential-led mixed-use development within the airspace above the rail line.

Development within the rail corridor and airspace has the potential to deliver better urban design outcomes and is likely to stimulate commercial and residential development around the rail corridor by removing the barrier of the rail line and creating opportunities for integrated design outcomes. Coordinating development with rail infrastructure can be a once-off opportunity to optimise multi-million dollar government investment, transforming it from a civil project to a "place" providing additional housing close to shops, services and public transport and providing better urban design outcomes, acting as a catalyst for future development and investment within the activity centre.

In order to create the planning certainty necessary to generate private sector interest in airspace rights, a Steering Committee was established with representatives from VicTrack, VicRoads, Council, DPCD and DOT to deliver a Development and Movement Framework Plan (urban design guidelines) for the site and immediate surrounds that will form the basis of an Amendment to the Planning Scheme.

Given the Springvale grade separation project worked within a narrow rail corridor, the air-rights opportunity had to be timed with the construction of the project to enable the piling to be installed to coincide with the other works. While development opportunities proved unviable within the short-term, planning certainty was established to ensure the options can be exercised in the future. Overall this took less than 9 months to achieve including planning approvals for the grade separation project itself.

VicRoads continued with this multi-agency approach through its tender process to deliver the grade separation projects by establishing an Urban Design Advisory Panel which provided advice to the VicRoads Project Team and Evaluation Panel on the shortlisted proponent's proposals during the Final Proposal Development phase. The role of the Advisory Group was to review and provide comments on the urban design and architectural scope of the project and advise how the proposals align with the urban design principles for the Project. Overall it's been a good demonstration of inter-agency cooperation, simple and well managed delivery of multiple outcomes on State owned land.

From this exercise VicTrack has built up a lot of knowledge on the trigger points for air-right opportunity when considered with the local market conditions, costs of constructing decks, occupation costs and construction management of integrating the plethora of rail regulation and standards with air-rights development.

Appendix 5 – Moving Melbourne

In September 2012 the Committee launched Moving Melbourne, a discussion paper on infrastructure funding and finance options.

Moving Melbourne examines alternative funding options that could be applied to a range of projects to help fast-track Melbourne's future transport infrastructure requirements.

Alternative funding and financing mechanisms

Benefited area levy involves the application of a special levy to the properties and/or businesses within a defined area, using the collected revenue to fund public transport improvements within that same area.

Broad-based transport improvement levy involves applying a city-wide levy, typically on rate payers, which is then used to fund public transport improvements.

Incremental rates growth (commonly known as Tax Increment Finance) involves the collection of future incremental increases in rates (and land taxes) derived from improvements to property values within a defined area to repay project financing.

Paid parking levy is a fee charged against the use of parking bays within a defined area, with the collected revenues used to fund public transport improvements.

Developer charges and development rights involve the sale of rights for the development of land above and/or adjacent to key public transport stations. The revenues are used to assist with funding the construction of new transport infrastructure.

Road tolling is a fixed charge or fee imposed on the direct beneficiary of a particular road asset. The revenue is used to fund the investment in the road at the locality where it is collected.

User infrastructure levy involves applying a charge to road and/or public transit users who directly benefit from the use of the infrastructure asset (road tolling is a user infrastructure levy). The revenue is used to fund the investment in the infrastructure being utilised.

Congestion charge is a fee-based mechanism aimed at limiting the number of private vehicles on the road by imposing a direct cost on the externalities that contribute to road congestion. The revenues collected can then be directed into public transport improvements.

Examples of infrastructure projects that have used innovative funding mechanisms

LA 30/10 – uses the application of a sales tax to accelerate the building of 12 new transport projects across Los Angeles that were originally scheduled to be built over a 30 year period into a 10 year timeframe.

The initiative uses funds raised from a 30 year one-half cent sales tax as collateral to pay off long-term bonds and a federal loan that provide the up-front financing for building works. Two thirds of

LA County voters voted in favour of the sales tax in 2008, which will commit a projected US\$40 billion towards transportation upgrades.

Crossrail is a major railway link under Central London.

- Estimated cost of £15.9 billion (although later revised to £14.8 billion)
- £4.7 billion funded through a national government grant from the Department for Transport
- £7.1 billion funded by the Mayor of London, through Transport for London (TfL) and the Greater London Authority, including:
 - £4.1 billion funded by London businesses through a variety of mechanisms, including a 24 – 31 year Business Rates Supplement (or benefitted area levy) applied at a rate of 2 pence per pound on non-residential properties in London with a rateable value of £55,000 or more
 - Farepayers will also contribute towards the debt raised during construction via TfL (a user infrastructure levy)
 - Over 60% of Crossrail’s funding will come from Londoners and London businesses
 - There are also considerable additional financial contributions from some key beneficiaries of Crossrail (e.g. property development through development rights)
 - Expected to generate £1.24 billion of benefits for the London economy annually by 2026

Dallas Area Rapid Transit (DART) connects Dallas and 12 surrounding cities via modern public transit services.

- DART Rail (light rail), Trinity Railway Express (heavy rail) and bus services move more than 220,000 passengers per day across 700-square-mile service area in and around the Dallas area in Texas
- Encourages intensive, high quality development projects on and around DART station properties and along DART transit routes and corridors
- Uses a Tax Increment Finance (TIF) arrangement across a 226 ha assessment district
- Approved in 2008 with a project lifespan of 30 years
- Expected to deliver US\$328 million (2008) to US\$3.52 billion (2038)

Melbourne Parking Levy (also known as Melbourne Congestion Levy) is a paid parking levy that charges a fee against the use of public and private (non-residential) parking bays with a defined area in inner Melbourne.

- Introduced in January 2006
- Annual rate of \$910 in 2012 applied to each parking bay
- Expected to generate \$46 million in 2012.

Gold Coast Rapid Transit (GCRT) Stage One is a 13km dedicated light rail corridor connecting Southport to Broadbeach.

- Delivery of Stage One is scheduled for 2014
- Project is an 18 year, \$1 billion Public Private Partnership (PPP)
- Total funding commitments of \$949 million from Gold Coast City Council, the Queensland Government and the Australian Government
- Funding supported by a annual city wide levy of \$111 in FY2012 (broad-based transport improvement levy) on Gold Coast City Council ratepayers.

City of Surrey in British Columbia, Canada, identified a significant funding gap in its 10-Year Transport Servicing Plan in 2006.

- Approximately 10% of property taxes used to fund public transport improvements
- Extensive use of development area levy (developer charges)
- Introduced a new Transportation Utility Charge (broad-based transport improvement levy) in 2008.

Exhibition Street Extension connects Melbourne’s CBD with CityLink and Swan Street over Jolimont Rail Yard.

- Operated by Transurban as part of CityLink network
- Opened in October 1999
- Road tolling (user infrastructure levy) is used to contribute to project funding.

Singapore North-East Line is a 20km fully automated underground heavy rail system that forms part of Singapore’s Mass Rapid Transit network.

- Opened in 2003 with a build cost of S\$4.6 billion
- Construction was fully government funded
- A user infrastructure levy is applied through higher fares

London Congestion Charge was applied in 2003 to reduce increasing level of traffic congestion across central London.

- £10 daily charge for driving and parking a private vehicle within the charging zone
- Charge is applied between 07:00 and 18:00 Monday to Friday
- All net revenue must be invested to improve transport in London
- FY2009-10 the scheme produced £148 million net revenue

MURL - Melbourne’s own benefited area levy and user infrastructure levy

The original Melbourne Underground Rail Loop (MURL) - more commonly known as the Melbourne City Loop²⁹ used a combination of alternative funding sources:

- Victorian Government funded 50%³⁰ and applied a public transport ticket levy (user infrastructure levy)
- City of Melbourne funded 25%³¹ through a benefited area levy
- Melbourne Metropolitan Board of Works provided 25%³² of the funds.

The Funding Focus

Funding and financing are not the same thing.

Funding is the source of funds which ultimately pays for the infrastructure, and can be sourced:

- Indirectly from community members via the application of state or local government funds;
- Indirectly from infrastructure beneficiaries (e.g. value capture via specific levies)

²⁹ Eddington, Sir R. (on behalf of the Victorian Department of Transport), *Investing in Transport: East West Link Needs Assessment*, March 2008

³⁰ Evans, B. (on behalf of the Victorian Competition and Efficiency Commission), *Inquiry into Managing Transport Congestion*, 9 February 2006

³¹ Evans, B. (on behalf of the Victorian Competition and Efficiency Commission), *Inquiry into Managing Transport Congestion*, 9 February 2006.

³² Evans, B. (on behalf of the Victorian Competition and Efficiency Commission), *Inquiry into Managing Transport Congestion*, 9 February 2006

- Directly from infrastructure beneficiaries (e.g. user pays via tolls on toll-roads, fares on public transport)

Financing is the money raised upfront and can be:

- Monies raised from banks and other investors to pay for the infrastructure which ultimately must be repaid by one of the funding sources; or
- Not raised at all, if the infrastructure is paid for directly from federal, state or local government funds.

In essence, funding must be available to repay finance (unless entirely government funded).

In the end it is the funding commitment that ultimately determines the level and pace of infrastructure development. Unless the funding source is determined, it is counterproductive to discuss the financing.

The need to focus on innovation in transport infrastructure funding

Victoria's current economic climate faces many challenges:

- Strong Australian dollar;
- Unstable global and national financial conditions;
- Declining productivity; and
- Reduction in state revenues.

The quality of Melbourne's liveability and competitiveness is connected to quality of infrastructure, amenities and services. Transport efficiency and effectiveness underpins productive capacity, and in turn, its economic position.

Melbourne is the driver of the Victorian economy, generating approximately 80% and growing share of the Gross State Product (GSP). While regional Victoria is an important contributor, it is clear the state's prosperity depends on Melbourne's prosperity - comprising about 20% of Australia's Gross Domestic Product (GDP).

At 30 June 2011, Victoria's population was 5.6 million, and based on current forecasts, is expected to reach 8.7 million over the next 40 years. Melbourne is expected to experience a similar growth rate, moving from 4.1 million to 6.5 million over the same 40 year period.³³

As Melbourne's population increases, so does the need to improve its transport networks by enhancing existing assets as well as building new assets. However, in recent years, population growth has outpaced investment and this has led to unprecedented levels of congestion.

Despite the current Victorian Government's commitment to invest a record \$5.8 billion in infrastructure over the twelve months to June 2013³⁴, the funding required to deliver Melbourne's transport requirements is too great for any one state government to tackle alone.

³³ Department of Planning & Community Development, *Victoria in Future 2012*, April 2012

³⁴ Department of Premier & Cabinet, *Victoria's 2012 Priority Infrastructure Submission to Infrastructure Australia*, August 2012

One of the major challenges facing governments of all persuasions is how to cost-effectively cater for the future demands of Melbourne's transport system. Given the cost of significant infrastructure projects run into the billions, new sources of funding must be explored.

Victorian Government's current major city-shaping priority projects

- East West Link
- M80 Upgrade
- Melbourne Metro
- Dandenong Rail Capacity Program
- Port of Hastings
- Western Interstate Freight Terminal.³⁵

³⁵ Department of Premier & Cabinet, *Victoria's 2012 Priority Infrastructure Submission to Infrastructure Australia*, August 2012

Appendix 6 - The Changing Workplace Case Study

How a major Melbourne based Corporation (Corp A) is responding to the challenges of our changing physical, cultural and technical environment in the 21st century.

What challenge is Corp A facing?

In today's cities, major businesses require many thousands of their employees to travel to the CBD on a daily basis to attend their workplace.

This dependency places the following pressure on our cities, employers and individuals companies:

- Public transport & traffic congestion
- Carbon-intensive economies
- High property costs and
- Diversity and inclusion challenges
- Work-life balance pressures

A progressive change in lifestyle preferences, in part driven by the advancement in technology and the emerging 'Gen Y', is demanding that employers consider alternative solutions to this 'status quo'.

If Employers are not prepared to evolve to meet these challenges, they are at risk of being unable to retain talent and realise the potential of the new workforce.

...so what is Corp A doing to address these issues?

Corp A has already made significant changes through the transformation of its workplace to address the above issues and to provide flexibility and choice for its employees. **The transformation includes the following initiatives and results:**

FLEXIBILITY - transition to a fully flexible workplace where nobody has a fixed desk. Note as at March '13, Corp A has more than **12,000** people working in this way, with that number to increase to **18,000** by the end of 2014.

MOBILITY - transition to laptops and mobile work devices including 'bring your own' capability; elimination of desktops; implementation of wireless networks across all workplace environments; web access to work remotely with full access to Corp A's database.

WORKING ARRANGEMENTS – freedom to agree arrangements including working from home, job-sharing, flexible leave options.

ACCESS – Corp A is relocating all CBD staff into locations in close proximity to major CBD Transport Hubs, with the aim of achieving a target % of staff who journey to work by means other than a car. Corp A is also investing heavily in infrastructure to support a significant increase in bike travel to work.

COLLABORATION - greater choice and variety of physical spaces for collaboration and focused working.

AV / VC - Tele- and video-conferencing to connect people across locations and reduce travel footprint / costs.

DECENTRALISED OFFICES – provide staff with local workplace choice that avoids need to travel to CBD every day.

These changing dynamics are making the workplace “less like a cathedral, more like a café”. Corp A believes that flexibility and choice for its people are key to retaining talent and realising their potential.

Corp A recognises that the following initiatives are key to the empowerment of its people:

- Trust-based Management
- Working policies, including ‘Work from Home’ protocols
- Clear target and outcome focussed targets (i.e. reduced focus on time spent at work)
- A culture of Accountability and Trust

Balancing these physical, virtual and cultural initiatives is the key to Corp A demonstrating its vision to provide its people with the choice to work in the way that best suits them.

What are the benefits for Corp A?

Corp A has already realised the benefits of its Workplace Transformation in the following key areas:

- Creation of a more diverse and inclusive workforce
- Greater emphasis on outcomes rather than time spent at work
- Better empowerment and enablement of its people to support them in finding the right way to work for them
- Attraction and retention of talent (with particular focus on the Gen Y community)
- More connected to local communities
- Realise greater property (and carbon) efficiencies and reduce overall property footprint
- Enterprise has become more adaptive and agile to face the ongoing needs of a changing modern, dynamic economy

Corp A is continuing to roll its Workplace Transformation Program out across its Australian businesses with completion due in 2015.